

1963 Annual Report

GENERAL  ELECTRIC

The Company's Progressland pavilion at the New York World's Fair



Highlights of 1963

Financial	Results in millions—per-share amounts in dollars			See pages
	1963	1962	1961	
Net sales billed	\$4,918.7	\$4,792.7	\$4,456.8	8-9
Net earnings	270.6	265.8	242.1	6-7
Net earnings per share	3.00	2.97	2.72	
Dividends declared	183.1	177.5	176.4	6-7
Dividends declared per share	2.05	2.00	2.00	
Dividends paid per share	2.00	2.00	2.00	
Expenditures for new plant and equipment	111.9	125.4	145.2	25
Depreciation of plant and equipment	127.7	127.1	117.9	26
Federal and Canadian income taxes	274.6	244.0	241.7	26
Income taxes per share	3.05	2.72	2.71	
Both tax figures include renegotiation				
Financial statements and notes				28-31
10 year summary				32-33

Operating

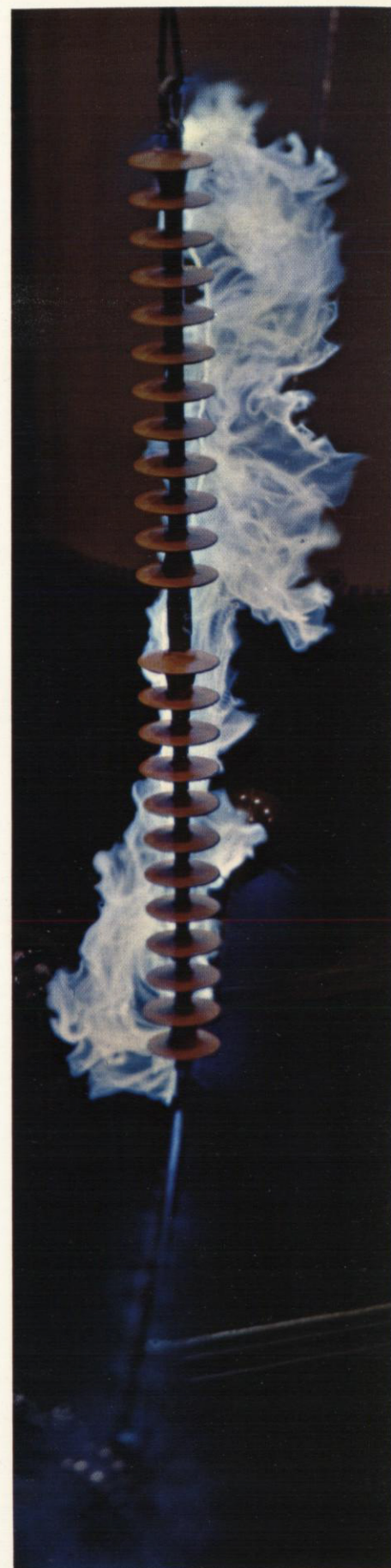
	See pages
Directors cite 13 years of progress under Ralph J. Cordiner and orderly transition to new leadership	2-5
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Consumer products show strength	10-12
New developments boost sales to industry	13-15
Electric power equipment sales, orders show upturn	16-17
Aerospace and defense slowed by "time of adjustment"	18-19
International business continues to increase	20-21
General Electric people emphasize competitiveness	22-24
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10 years of added values	32

NOTE: In this report, unless otherwise indicated by the context, the terms "General Electric" and "Company" refer to the consolidated group of companies described on page 30.

Front cover: Model of General Electric's exhibit at the 1964-65 New York World's Fair. Opening April 22, Progressland will blend the master showmanship of Walt Disney with examples of how General Electric people are linking electrical progress to the progress of man. Its main features will sketch the story of electrical living through the decades...show community progress toward the all-electric "Medallion City"...give colorful glimpses of scientists and engineers at work...and trace man's use of energy from the caveman's fire to the future hope of harnessing the sun's thermonuclear force.

At right: Example of the Company's search for better product values through development of improved materials. Lightning tests of GEPOL, new synthetic insulator, demonstrate performance characteristics superior to porcelain.

Executive Offices: 570 Lexington Avenue, New York, New York 10022.



Comments by the President and Chairman

Best year in serving customers brings benefits to share owners, employees, suppliers, dealers

As a tribute to Ralph J. Cordiner's final year of leadership, General Electric people in 1963 joined in an all-out drive to put "Accent on Value" and build sales and orders to new highs.

The resulting record in sales reflects the Company's increasing efforts to meet the wants and needs of our customers worldwide and to serve the interests of society. Featured in this annual report are many examples of the contributions General Electric people are making toward bringing better living to the nation's families, helping to improve community services, increasing productivity for industrial customers, and extending electrical progress to many nations abroad.

By serving customers better, the Company was able to increase the returns to those who share in General Electric's progress. For share owners, the Board of Directors declared a new quarterly dividend of 55 cents a share, equivalent to an annual rate of \$2.20.

Pay and benefits for more than 260,000 employees also reached a new high. Average compensation per employee rose to \$8,071. In addition, employment by General Electric's subsidiaries around the world increased to nearly 37,000 people in 1963.

An estimated 45,000 suppliers shared in more than \$2 billion paid out for materials, components and other supplies. In addition, nearly half-a-million independent distributors and dealers participated in the year's record sales.

Values help check price erosion

The past few years have seen erosion in prices so that in 1963 producer goods were, on the average, selling at 1953 price levels, and consumer goods at 1950 levels. Since 1950, however, average compensation per employee has risen 104% and the price of materials, 35%. Despite aggressive cost reductions this erosion of selling prices, in the face of higher costs, has held back earnings. So it is encouraging to report that the long decline in the Company-wide price index was reversing slightly in the last months of 1963. Many orders for capital goods were received at price levels



Mr. Cordiner congratulates Mr. Borch and Mr. Phillippe

that, while still low, are improvements over previous levels. Before any such improvements can be reflected in earnings, however, we will have to work off orders taken at earlier depressed prices.

At today's prices General Electric products, with new or improved features, offer extraordinary values.

Meeting the competitive challenge

The rise of international competition has made it imperative that U. S. producers learn to compete not only against domestic competitors but also against foreign producers enjoying advantages in wage, tax and other differentials. The 1963 results show that General Electric people are meeting this challenge. Costs are being scaled down aggressively. New steps are being taken toward increased automation. A stronger linkage is being established between research and development and the wants and needs of customers. And individual employees recognize that they must compete successfully in their work with employees of other manufacturers all over the world.

Results speak for a great leader

This kind of company—strongly competitive in ways that bring dynamic progress for people—was the special aim and the special contribution of Ralph Cordiner, who retired as an Officer and Director in December 1963.

General Electric made great progress during his 13 years of leadership. Sales for 1963, more than double the 1950 total, reflect the building of "a new General Electric" in new technologies alongside more mature businesses. Your Directors' salute to Mr. Cordiner, on the next page, expresses the sentiment of all who have worked with him.

For General Electric people, as for the nation, the past year closed on a tragic note in the death of President Kennedy. Yet with strong continuity of leadership in the American tradition, and a rising economy, the country is moving ahead forcefully in 1964. We of General Electric look forward with confidence that we have the outstanding people and facilities to contribute in still greater measure toward achieving national goals.

Respectfully submitted for the Board of Directors,

President and Chief Executive Officer

Chairman of the Board
February 20, 1964

Directors salute Ralph J. Cordiner

Board cites General Electric's 13 years of progress under his guidance



Ralph J. Cordiner

At the December 20, 1963, meeting of the Board of Directors, the following tribute was recorded in the minutes:

"The Directors, in accepting Ralph J. Cordiner's decision to retire, expressed their sincere appreciation for the magnificent leadership he has provided the General Electric Company as its Chief Executive Officer from December 15, 1950 to December 21, 1963.

"The Directors characterized Mr. Cordiner as both the architect and the engineer of great changes in General Electric. Under his leadership the Company has grown in sales and profitability, in new capabilities, and in its service to customers. Experienced managerial and professional manpower has been developed in depth, and an orderly transition to new leadership has been accomplished. The competitive vigor of

the Company has been strengthened by his planned decentralization of its organizational structure and by his planned diversification into new markets and technologies. With modern facilities, sound organization, dedicated employees, and intensively trained leadership, the 'new General Electric' built by Ralph Cordiner is positioned for continued profitable growth and service.

"The Directors commended his courage and forthrightness in handling the difficult challenges that faced his administration and noted the warm friendships and feelings of mutual admiration developed from their associations during his 14 years as a Director. The Directors expressed their high esteem for Mr. Cordiner in terms of the quotation: 'If you seek a monument for him, look about you.'"

A distinguished Board

In their Board of Directors, General Electric share owners are represented by men who have achieved distinction in many walks of life. They bring to bear on the Company's plans and problems a wide range of experience developed in many fields of endeavor.

The Directors contribute to the Company's progress through their knowledge of such fields as banking, education, finance, international trade, manu-



S. Sloan Colt
Member — Executive Committee, Bankers Trust Co., N.Y.



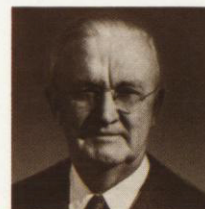
Charles D. Dickey
Chmn., Dir. Advisory Coun., Morgan Guaranty Trust Co., N.Y.



Gilbert W. Humphrey, Chmn. of the Board, The M.A. Hanna Co., Cleveland



John E. Lawrence
Partner, James Lawrence & Co., Boston, Mass.



Thomas B. McCabe
Chairman of the Board, Scott Paper Company, Phila., Pa.



Neil H. McElroy
Chmn. of the Board, The Procter & Gamble Co., Cincinnati, O.



Henry S. Morgan
Partner, Morgan Stanley & Co., New York, N.Y.



Gilbert H. Scribner Jr., President, Scribner & Co., Chicago, Illinois

General Electric's decentralized organization

1963 marks transition to new leadership

facturing, marketing, mining, real estate, textiles and transportation.

Shown below are the members of the Board other than those Directors who are Officers of General Electric. Management members of the Board of Directors, pictured at right, are Fred J. Borch, Gerald L. Phillippe, and Cramer W. LaPierre.

The Directors as a group average 57.8 years of age. Their service as Directors of the Company averages 9.4 years.

General Electric's decentralized organization provided seasoned management for a number of new responsibilities in 1963. Presented here are the 17 Officers forming the Executive Office and the two managers of special corporate operations.

The Executive Office



Fred J. Borch
President and Chief Executive Officer



Gerald L. Phillippe
Chairman of the Board



Cramer W. LaPierre
Executive Vice President



Edwin D. Harrison
President, Georgia Institute of Technology, Atlanta, Ga.



Frederick L. Hovde
President, Purdue University, Lafayette, Indiana



Hershner Cross
Vice Pres. & Group Executive—Industrial Group



James H. Goss
Vice Pres. & Group Executive—International Group



Jack S. Parker
Vice Pres. & Group Exec.—Aerospace and Defense Group



Charles K. Rieger
Vice Pres. & Group Executive—Electric Utility Group



Ralph Lazarus
Pres., Federated Department Stores, Inc., Cincinnati, O.



George H. Love
Chairman, Chrysler Corp., Detroit; Consolidation Coal Co.



Herman L. Weiss
Vice Pres. & Group Executive—Consumer Products Group



Virgil B. Day
V.P.—Mgt. Development & Employee Relations Services



George L. Haller
Vice President—Advanced Technology Services



John D. Lockton
Treasurer



Dean A. McGee
Pres., Kerr-McGee Oil Industries, Inc., Oklahoma City, Okla.



George G. Montgomery
Chairman, Kern County Land Co., San Francisco, Calif.



Francis K. McCune
Vice President—Engineering Services



Halbert B. Miller
Vice Pres.—Manufacturing Services



Robert E. Pfenning
Comptroller



J. Stanford Smith
V.P.—Mktg. & Public Relations Services



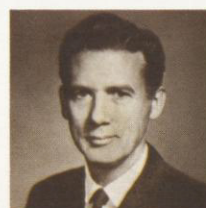
Robert T. Stevens
President, J. P. Stevens & Co., Inc., New York, N.Y.



Walter B. Wriston
Executive Vice Pres., First National City Bank, New York, N.Y.



C. Guy Suits
Vice President and Director of Research



Laurence I. Wood
Vice President—General Counsel, and Secretary



John B. McKitterick
Manager—Corporate Planning Operation



Hoyt P. Steele
Vice Pres. & Manager—Special Settlement Operation

Special Corporate Operations

General Electric's decentralized organization: operations

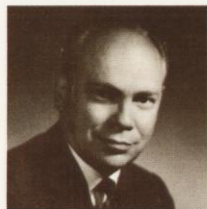
Aerospace & Defense Group



General Electric guidance system steered Gordon Cooper into 22-orbit flight in 1963



Robert J. Brown
General Manager—
Defense Programs
Operation



Gerald A. Hoyt
General Manager—
Defense Electronics
Division



Gerhard Neumann
Vice President &
General Manager—
FlightPropulsionDiv.



Hilliard W. Paige
General Manager—
Missile and Space
Division



Richard L. Shetler
General Manager—
Command Systems
Division

Consumer Products Group



Surrounding the consumer with desirable products to enhance all-electric living



Walter D. Dance
General Manager—
Hotpoint Division



William H. Dennler
Vice President &
General Manager—
Major Appliance Div.



Charles G. Klock
President & General
Manager—General
Electric Credit Corp.*



Willard H. Sahloff
Vice President &
General Manager—
Housewares Division



Donald D. Scarff
General Manager—
Lamp Division



Robert C. Wilson
General Manager—
Radio and Television
Division

Electric Utility Group



Building of large steam turbine-generators typifies work for world's power producers



Donald E. Craig
Vice Pres. & General
Manager—Power
Generation Division



Robert L. Gibson
Vice Pres. & Gen.
Mgr. — Power Distri-
bution Division



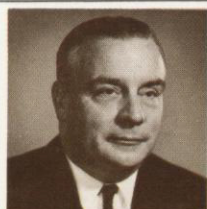
**Hubert W. Gould-
thorpe**, Vice Pres. &
Gen. Mgr. — Power
Transmission Div.



Milton F. Kent
Vice Pres. & General
Mgr.—Electric Utility
Sales Division



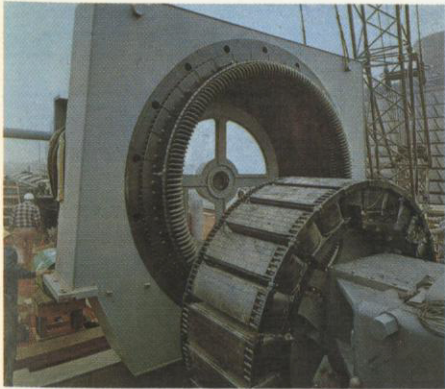
James F. Young
General Manager—
Atomic Products
Division



General Electric people noted with deep regret the death of Arthur F. Vinson, Vice President and Group Executive of the Industrial Group, on December 6, 1963. Mr. Vinson had made his entire business career with General Electric. His 35 years of service included assignments in engineering, manu-

facturing and employee relations as well as in general management. He had served as a Group Executive since 1957. In addition he provided industrial leadership through his participation in the National Association of Manufacturers, American Management Association and other industrial organizations.

Industrial Group



This giant motor will help a customer produce liquid hydrogen for spacecraft



S. Wellford Corbin
Vice President & Gen. Mgr.—Industrial Sales Division



L. Berkley Davis
Vice Pres. & General Manager—Electronic Components Division



Oscar L. Dunn
Vice Pres. & Gen. Mgr.—Motor and Generator Division



Reginald H. Jones
V.P. & G.M.—GE Supply Co. & Construction Industries Divs.



Harold A. MacKinnon, Vice Pres. & Gen. Mgr.—Component Products Division



Charles E. Reed
Vice Pres. & General Mgr.—Chemical & Metallurgical Div.

Industrial Electronics Division—Mr. Cross is Acting General Manager

International Group



New world comfort in old world scene: GE export refrigerator in Swiss setting



J. Herbert Smith
Pres. & Chief Exec. Officer—Canadian Gen. Elec. Co., Ltd.*



Russell E. Whitmyer
Area Division General Manager—Latin America

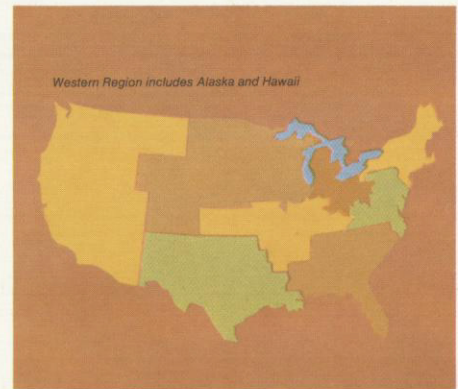


William C. Wichman
Vice President & General Manager—IGE Export Division

Area Division—Europe: Mr. Goss is Acting General Manager

Area Division—Far East: Mr. Wichman is Acting General Manager

U. S. Regional Relations



In eight U.S. regions an Officer is responsible for corporate and customer relations



Charles J. Ellis
Regional Vice President—Southeastern Region



Harry P. Gough
Regional Vice President—Western Region



Edwin H. Howell
Regional Vice President—Southwestern Region



George L. Irvine
Regional Vice President—Central Region



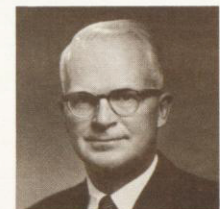
William A. Mann
Regional Vice President—Mid-States Region



Charles J. Miller
Regional Vice President—East Central Region



F. Charles Ruling
Regional Vice President—Atlantic Region



John A. Spencer
Regional Vice President—Northeastern Region

1963 sees earnings rise slightly, increase in dividends declared

Earnings total \$3.00 a share, aided by employees' efforts to improve values, reduce costs

General Electric's net earnings for 1963 totaled \$270.6 million, or \$3.00 a share of common stock. These results compared with total earnings of \$265.8 million, or \$2.97 a share, in 1962.

Earnings were 5.5 cents per dollar of sales, the same as in 1962.

Return on investment was 13.6% in 1963, compared with 14.1% in 1962. This ratio measures earnings as a percentage of capital invested—the share owners' investment plus money borrowed.

Directors raise dividend 10%

On November 15, 1963, the Board of Directors declared a dividend of 55 cents a share payable on January 25, 1964. This brought 1963 dividends declared to \$2.05 a share. The 55-cent quarterly dividend is equivalent to an annual rate of \$2.20 a share. Total 1963 dividends declared were a record \$183.1 million. Dividends paid in 1963 were \$2.00 a share.

Price index firms

The long downward trend of the overall General Electric price index appeared to have stopped in the latter part of 1963. The Company-wide orders price index for the entire year averaged 87 (1957-59=100), down 3 points from the 1962 level. Improving prices on orders for most heavy capital goods, however, brought a small upturn in the overall price index in the last quarter of 1963.

For better results, better values

General Electric prices are determined by competitive market conditions, including customers' recognition of the values offered by the Company. Thus the Accent on Value program conducted over the past two years has been a positive factor in limiting the decline in price levels and in realizing more favorable results.

The present low level of the Company's overall price index does not fully reflect the improved values offered customers in General Electric products. General Electric employees are working both toward developing better values and toward customer recognition of value improvements. Employees are



The value spirit: Air Force officer commends "Zero Defects" program for jet engines

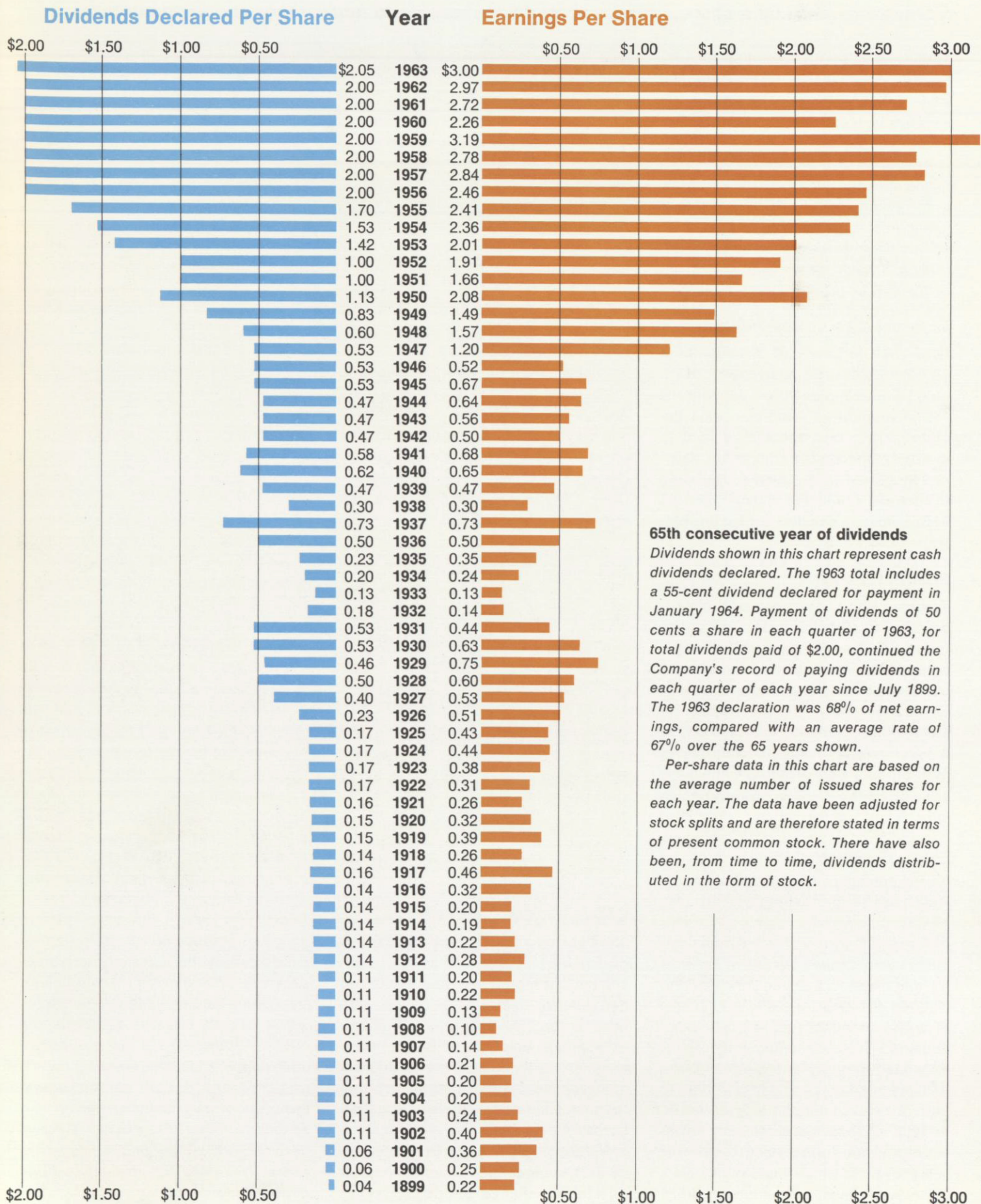


Accent on education: experienced engineers go back to class to update knowledge

also contributing to better values by carrying out cost-saving innovations for the Company.

The photographs on this page give two glimpses of the spirit that results in extra values for customers. The top picture shows a phase of the "Zero Defects" program by which jet-engine production employees aim at building complex engines completely error-free on the first try. A special movie enables Evendale, Ohio, employees to hear an Air Force officer tell them of the critical importance of their efforts in putting

Accent on Value. The lower picture typifies the many educational programs conducted by the Company. It shows experienced Engineering Managers attending the Modern Engineering Course which enables them to return to the classroom for six weeks of intensive updating and broadening of their knowledge of many newer technologies. Members of one class learn about the Research Laboratory's new fuel cell development which can convert the energy of ordinary hydrocarbon fuels directly into electricity.



65th consecutive year of dividends

Dividends shown in this chart represent cash dividends declared. The 1963 total includes a 55-cent dividend declared for payment in January 1964. Payment of dividends of 50 cents a share in each quarter of 1963, for total dividends paid of \$2.00, continued the Company's record of paying dividends in each quarter of each year since July 1899. The 1963 declaration was 68% of net earnings, compared with an average rate of 67% over the 65 years shown.

Per-share data in this chart are based on the average number of issued shares for each year. The data have been adjusted for stock splits and are therefore stated in terms of present common stock. There have also been, from time to time, dividends distributed in the form of stock.

Further balanced growth in sales

Record reflects planned diversification. Three of four main types of business show increases

Total sales of \$4,918,715,661 for General Electric in 1963 were 3% above the 1962 sales volume and marked the third consecutive year in which sales advanced to a new record.

As shown by the large picture chart on the opposite page, General Electric's total sales result from four main classifications of products. The smaller chart on this page shows that sales are maintaining a balanced growth, with each of these four product areas contributing roughly a quarter of total sales in any given year. Therefore short-range downturns for any one business area have not kept the Company from continuing its overall growth and momentum.

Continuation of this balance is the end result of management's efforts to achieve *planned diversification* for General Electric. The Company's diversified business is conducted in more than 100 separately managed departments. Many of these businesses relate to the Company's historical role as a supplier of electrical products. Others have developed from General Electric's research for new products and better materials. The operation of these 100-plus departments gives the Company a coherent structure for balanced growth.

Consumer goods lead sales rise

A look at 1963 results in terms of the four product categories, serving as a preview for the detailed discussions on subsequent pages, shows that consumer goods capitalized on the year's favorable markets.

The industrial components and materials area of the Company's business held its place as the largest of the four product categories. Newer businesses such as computers, advanced controls for machine tools, Lexan® plastics and silicone chemicals swelled the volume of sales that has been built on such established lines as component motors, appliance controls and lamp ballasts.

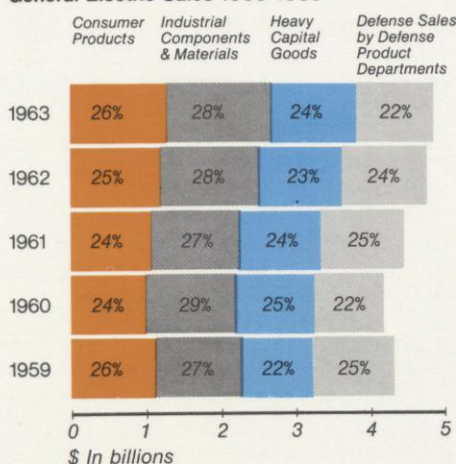
Sales of heavy capital goods, both to industry and to utilities, again increased in 1963, despite the continuing downward pressure from further lowering of price levels at which sales were billed.

Defense sales by defense product

departments dropped in 1963, largely because of cancellations and stretch-outs affecting programs on which the Company was working. While General Electric's capabilities are always at the nation's service, the Company must apply increasing selectivity toward those projects to which the Company can make the greatest contribution and which offer the opportunity for reasonable returns to share owners. With increasing overcapacity in the defense industries, there is a growing disparity between profits on commercial work and on defense projects.

General Electric strongly supports the Defense Department's present trend toward contracts offering incentives that reward defense suppliers for improved product performance, on-time deliveries and cost-conscious management, and that are commensurate with the risks involved.

General Electric Sales 1959-1963



Orders backlog increases

The backlog of unfilled orders rose 5% during 1963. In the defense area, substantial declines in aerospace business and defense electronics products were offset by an increase in unfilled orders for military jet engines. Backlogs for commercial products were aided by a high volume of industrial orders, but the major strength was in orders from domestic and overseas utility customers. General Electric's total unfilled orders for commercial products were at an all-time high at the end of 1963.

Consumer goods—26% of total sales

In this category is a broad range of products for electrical living, including both General Electric and Hotpoint appliances, electrical housewares, home electronic equipment, and lamps. The illustration shows a new all-electric kitchen featuring the Americana refrigerator-freezer, Americana range with self-cleaning oven, portable TV, under-counter dishwasher and Disposall®, as well as Textolite® counter surfaces and a wide variety of electrical housewares.

Industrial components were 28%

This covers a wide range of component products and materials supplied to industrial customers for use in their products, as well as varied types of controls and electronic equipment to improve their productive facilities. These include small electric motors, instruments, chemicals, special metals, and electronic components. Illustration: control room for world's first completely computer-controlled cement plant, using a General Electric process computer.

Heavy capital goods were 24%

This portion of the Company's total sales includes worldwide sales of heavy industrial equipment such as mainline diesel-electric locomotives, marine propulsion systems, and large drive motors to power a steel mill. Also included are sales of large apparatus used by power producers for generating, transmitting and distributing electric power. Illustration: an array of the Company's U25 diesel-electrics—America's pioneer 2500-horsepower locomotive.

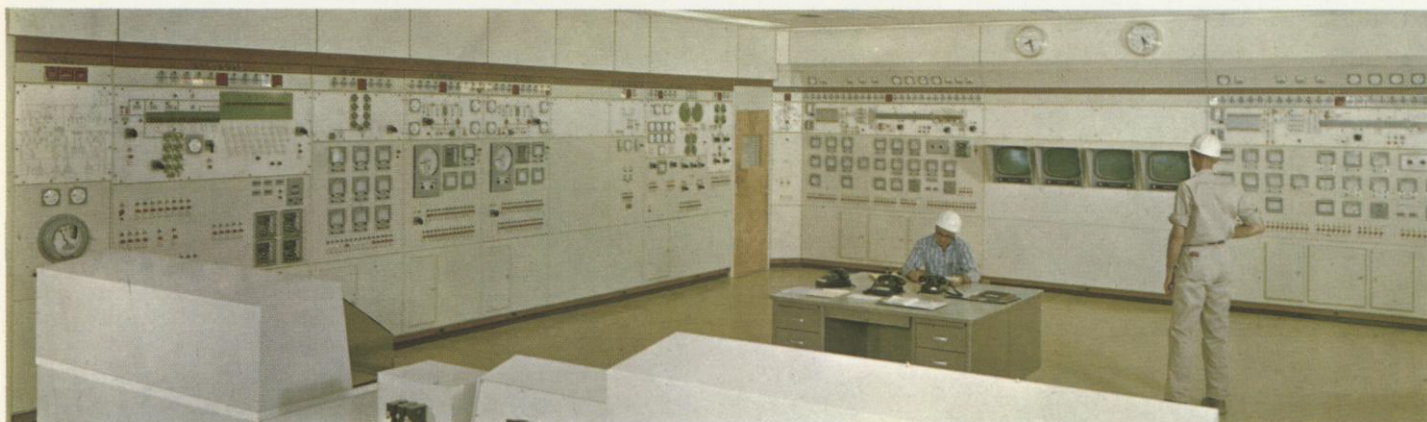
Defense sales—22% of total

Defense sales by defense product departments include: large and small jet engines, whose continued high level of sales was an element of strength in 1963; military electronic equipment such as radar, defense warning, missile guidance and aircraft electronic systems; and work on space satellites and re-entry vehicles. Shown: new General Electric YJ93 jet engine, designed to power 2,000-mile-per-hour military and experimental aircraft.

Picture chart below shows that each of four product areas contributed roughly 25% to total sales



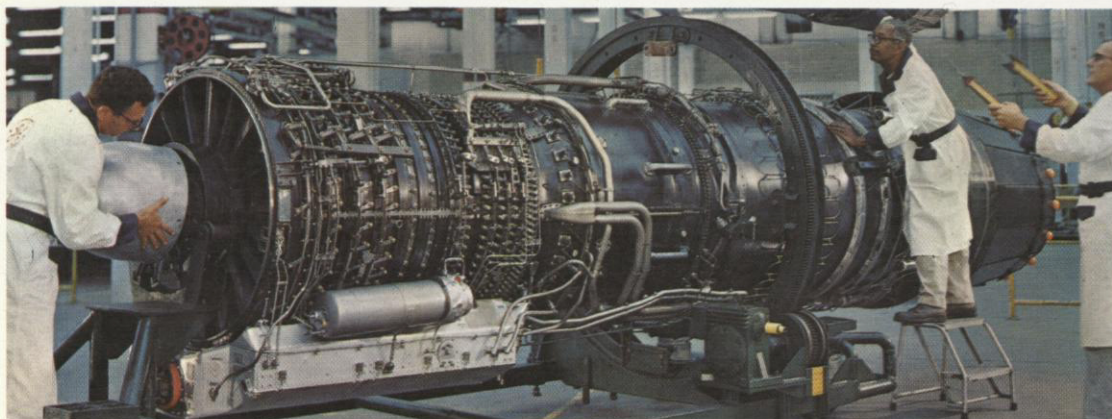
26%



28%



24%



22%

Fast pace in products for electrical living

Customers' acceptance of new products helps housewares, TV, lamps set records

American families and communities entered the market for electrical products more actively in 1963 than in any prior year. General Electric's sales of home products ran ahead of this market's favorable trend. Two main factors were:

- customers' acceptance of new products, such as the electric slicing knife, the lightweight, low-cost "personal portable" TV, and attractive new designs in ranges;

- increasing confidence in General Electric as a source of reliable products backed by good after-sale service.

Appliance sales rise

Sales of both General Electric and Hotpoint appliances rose well above their '62 levels. New 1963 General Electric developments such as the P-7 self-cleaning oven and the Americana refrigerator, shown at right, as well as a quieter room air conditioner, will be a favorable factor in 1964. Hotpoint's re-engineered clotheswasher, capable of cleaning a 14-pound selective load, answers homemakers' desires for higher-capacity washers.

Product reliability continued to be emphasized. For both the Major Appliance and Hotpoint Divisions the percentage of appliances requiring in-warranty service calls declined for the fifth straight year.

After-sale service was further strengthened. A poll of customers served by Company-operated service centers in 62 metropolitan locations showed that 93% expressed "complete satisfaction" with the quality of service they received. Serving customers with fleets of radio-dispatched trucks, these centers set the pace for dealers and others who also service General Electric major appliances.

For Hotpoint, first-year results of the 90-day replacement guarantee of satisfaction show that only a fraction of one per cent of customers requested replacements.

Built-in acceptance for housewares

The sharp increase in sales of automatic toothbrushes in 1963 is striking evidence of an opportunity "sensed"



Exciting new range has an oven that cleans itself electrically...



...to eliminate what housewives call their most disagreeable chore

and met. Success of the electric slicing knife also helped push housewares sales to a record level. Management's ability to anticipate consumer interests has given new housewares a "built-in" acceptance. Studies indicating that many people are entertaining more frequently at home prompted the introduction in 1963 of a new line of entertainment products (see back cover).

Opening of eight new Company-operated Housewares Servicenters during the year raised to 49 the locations where fast, convenient service can be obtained

for housewares, radios and portable phonographs.

Best year for TV, audio products

Sales of General Electric television increased to the highest total ever achieved, aided by success of the 11-inch, 12-pound portable TV receiver keyed to customers' wish for a second or third set in their homes.

Record sales of the Company's audio products are requiring expansion of their production facilities in Decatur, Ill. A broader range of electronic products



New split-level refrigerator, second appliance in Americana "family"



Attractively styled stereo modules include Company's first tape recorder

for home entertainment was introduced, including the Company's first tape recorder and first transistorized portable short-wave receivers.

Strenuous cost-saving programs in the production of radios enabled General Electric not only to compete better at home but to obtain an increase in sales to customers overseas.

Lamp sales continue growth

Offering customers better values in both incandescent and fluorescent lighting was a major factor in the Lamp

Division's achievement of a new sales record in 1963.

General Electric developments, enabling lamps to convert energy into light more efficiently, continued to reduce the cost of light. In terms of light output per dollar—factoring in lamp improvements, the increased use of more efficient lamps, and the cost of electricity consumed by lamps—the cost of light in 1963 was only half as much as it was fifteen years ago. One example, progress in mercury outdoor lighting, is described on page 32.



A storeful of new values for customers



Two kinds of service for consumer products



Hotel ballroom: new panel fluorescents

Fluorescent lighting, marking the 25th anniversary since it was announced by the Company, passed a significant milestone: the first installation of square panel fluorescents, shown above.

Private lighting—the service offered by many utilities of renting outdoor luminaires to customers—showed further strong growth in 1963. For this market, General Electric has developed special luminaires that are easier to install and maintain. Users of private lighting include farms, schools, restaurants and stores as well as homes.

(Electrical living continued on page 12)

Electrical living *continued*

Sales growth aided by products to improve community services

Pictured here are five of the many ways General Electric is helping to improve community services electrically and is thus developing sales growth.

Clean waters: A Florida beach that was once polluted is now a play area because of an electrically powered sewage treatment plant utilizing General Electric equipment and know-how. The Company is working on methods for better management of water resources so that communities can meet the increasing demand for clean water.

Lower-cost hospitals: "Atomedic"—a pioneering prefabricated hospital—uses advanced design to try to help cut costs. The hospital has a General Electric compact mobile x-ray unit with a self-contained power supply. The "kitchenless" operation that keeps expenses low makes use of the Company's modern, efficient food service equipment, including a new microwave oven for cooking prepackaged frozen food.

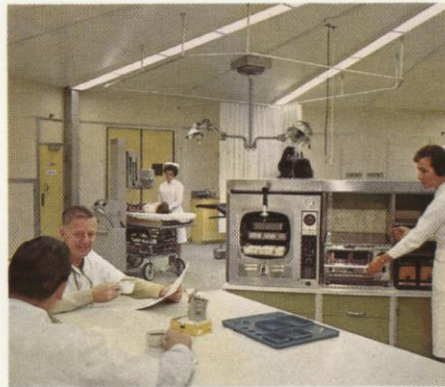
Electric heating: One of the joys of total-electric living is the clean, quiet warmth of electric heat. The many advantages of electric heat, including room-by-room temperature control, are especially appreciated by couples in the retirement communities which are being constructed in increasing numbers in the United States. A new community in New Jersey equipped by General Electric uses the Company's electric baseboard heating.

To further the construction of all-electric buildings, the Company in 1963 broadened its marketing organization for residential sales and reorganized it as the Construction Market Development Operation. It works with commercial customers to develop further opportunities for use of the Company's products in offices, stores, hotels, motels, schools and other buildings, and continues to work with the residential builders of total-electric homes.

Recreational lighting: Outdoor lighting extends the hours of golf courses, tennis courts and other recreational facilities. Bowling alleys, boating marinas, and neighborhood playgrounds benefit from the Company's lighting products. Baseball's major leagues are studying



Clean waters for recreation



Contributing to lower-cost hospitals



For retirement: better living, electrically



Outdoor lighting extends play hours



GE propulsion systems provide power for improvements in rapid transit

the relighting of stadiums to a standard level with the help of Company lighting engineers. In Houston, Texas, a new translucent-domed stadium which will seat 66,000 sports fans uses a number of General Electric products, including high-level lighting and air conditioning.

Rapid transit: Toronto's modern rapid transit system is helping to alleviate problems created by that city's booming population and is enhancing land values by making downtown areas more accessible. This is only one of a growing number of markets for General Elec-

tric transportation equipment: in 1963 New York City and Chicago ordered 480 rapid transit cars with the Company's propulsion systems. Recent innovations include the transistorized electrical system developed for the monorail at the New York World's Fair and advanced automation equipment for rapid transit systems.

Visitors to General Electric's "Progressland" at the New York World's Fair will see, in the exhibit's Medallion City, a full range of the Company's services to communities.

Top year for sales to industry

As a supplier both of components and of productive systems, General Electric grew in 1963

General Electric's sales to industrial customers rose to a new level in 1963 and ended the year on an upswing as substantial new orders were received.

The two main ways in which the Company serves industrial customers are exemplified by the pictures at right. One represents a new phase of the Company's role as a supplier of components and materials to help other manufacturers bring new values to their products. Shown at new facilities near Gainesville, Fla., are the rechargeable nickel-cadmium batteries for such products as cordless tools as well as for the Company's own automatic toothbrush and two-way radio equipment. A new rapid-charge sealed battery with a control electrode, developed by the Company's Advanced Technology Laboratories, promises battery-powered devices requiring only brief recharging periods.

The lower picture shows one example of how the Company benefited from U.S. industry's resurging investment in plant and equipment. Undergoing final test is the most powerful AC-DC motor-generator ever built in the U.S., which will power a midwestern steel mill. It will improve productivity and lower the customer's capital investment by means of a self-contained ventilating system that reduces construction and installation costs. Combined with advanced controls and information-handling equipment, such developments give industry the tools of a "new productivity."

Computer businesses grow

General Electric in 1963 broadened its role both as a user of electronic computers and as a builder of them.

Computers are an essential element in the Company's drive to increase its operating efficiency. One of the largest users of computers, the Company had 185 digital units in operation at the 1963 year-end, with 31 more on order from its own Computer Department.

As a supplier of computers, the Company is developing its business in two main directions: data-processing computers and industrial process-control computers.



Growing new business: rechargeable batteries for cordless appliances and tools



Extending an old business: most powerful motor-generator, to drive a steel mill

In the extensive data-processing market, General Electric has won a small position and is sharply expanding its sales, based upon high-performance equipment and effective programming aids. In 1963 the Company introduced the "Compatibles-400" family, including four different computers, with each successive unit providing 80% greater processor performance. Thus the customer can move up to larger data-processing systems without major reprogramming at each stage.

The market for process-control com-

puters is still relatively small but is growing rapidly. General Electric is a leader in this field, adding computers to its long-established products for the electrification of industry.

A more flexible process application computer—GEPAC—was introduced in 1963. It enables businesses to initiate computer control on a modest scale and then upgrade their systems in line with their growing needs. It is compatible with the Company's sensing devices, process instrumentation, and Directo-Matic® controls.

(Industry sales continued on page 14)

Industry sales *continued*

1963 developments range from industrial computer systems to most powerful magnets

Advanced types of electronic machine-tool controls achieved 1963 sales that were double those of three years ago. The Company's numerical controls have made major contributions to the current upsurge of the machine-tool industry, and General Electric itself is a major user of these systems. At right is one of the new machine tools installed at the Lynn, Mass., turbine-generator facilities. These are believed to be the largest numerically controlled machine tools ever built. The versatility of tape-controlled machines makes them especially valuable for short production runs.

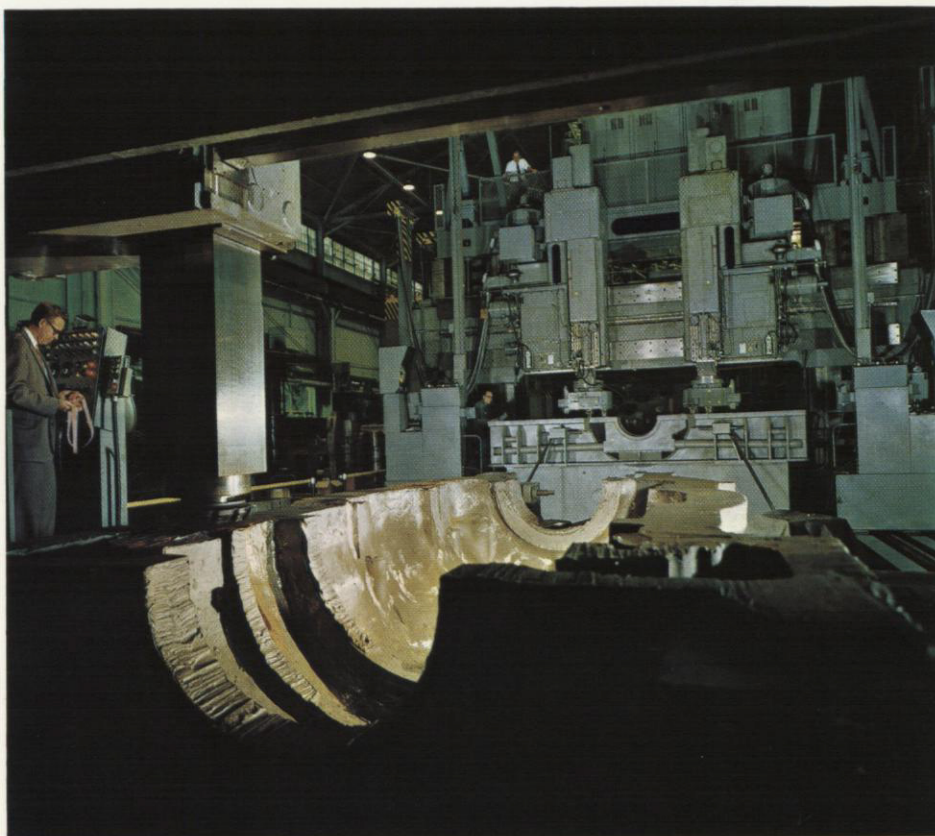
The Company's advanced controls scored a first in the steel industry when a General Electric system programmed by punched tape controls took over direction of charging operations of the blast furnace shown on the facing page.

Several important products to automate quality-control testing and inspection were introduced in 1963. Based on advances in quality-control methods developed by the Company's Manufacturing Services, the new products make available to customers types of equipment which were developed for the Company's own operations.

Helping improve transportation

General Electric developments are helping railroads build their competitive strengths. Industry acceptance of the Company's U25 diesel-electric locomotives, as well as the more powerful U50, strengthens General Electric's role as an important supplier of main-line domestic locomotives. The Company is working with railroads on other developments, including automated systems for handling freight and mailbags and for reading and recording the numbers on moving railroad cars. A major 1963 order was for a management information system for an entire railroad, based on General Electric computer equipment.

The Company had a good year in supplying equipment and systems to shipbuilders and operators. A new concept in marine propulsion, the MST-13 steam turbine, won acceptance in U.S.



Company's electronic controls use tapes to direct big machines



An industry "first"—computer control of paper mill operations

and foreign shipyards. The Company's development of a Central Operations System will cut ship operators' costs by permitting, in effect, one-man supervision of engine rooms.

For business transport, General Electric is supplying jet engines to four different airframe manufacturers to power new lines of executive jet aircraft.

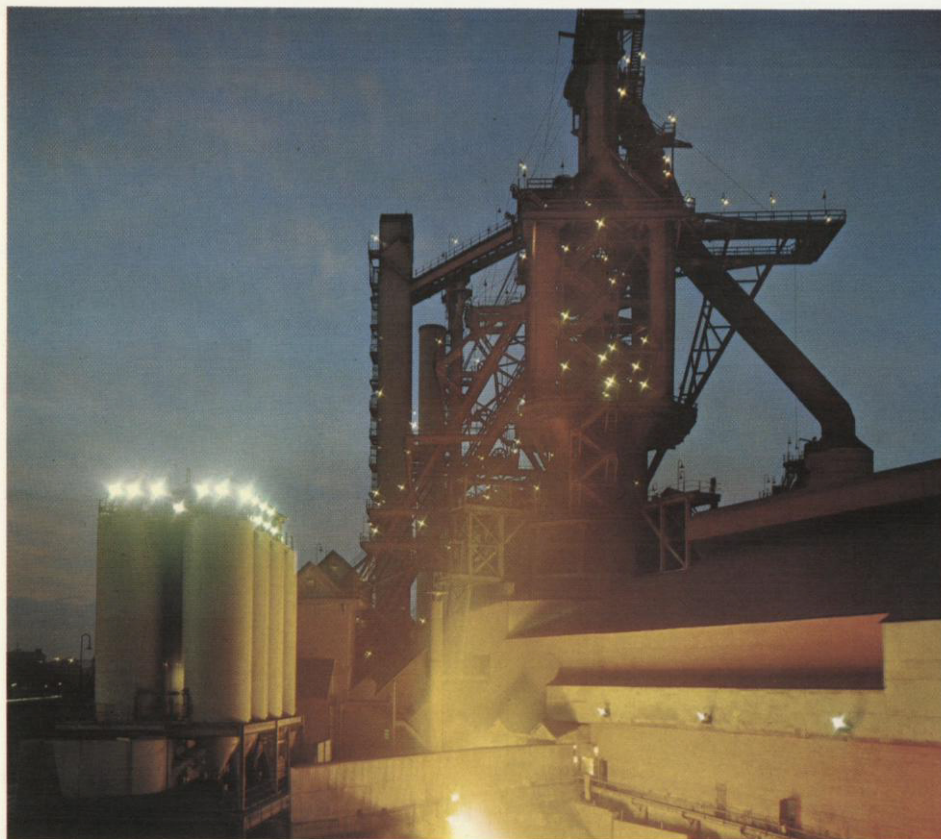
Strength in components, materials

Sales increases were scored in three major types of products which are supplied primarily to other manufacturers

for inclusion in their own products:

—**electrical components** such as small electric motors, appliance controls and lamp ballasts. Although they are "old-line" products their growth is maintained by a steady flow of innovations. A fresh example: new small "Mina-Gear" motors and pushbutton controls especially designed for raising and lowering hospital beds.

—**electronic components** including low-cost, high-performance transistors and compactron tubes that make domestically manufactured TV and radios more



Giant new blast furnace—with automatic controls from General Electric



For record-breaking tanker, power from General Electric turbines

competitive. Among new developments: a low-light-level TV tube which makes possible night-time surveillance by satellites, and more powerful klystron tubes to strengthen radar.

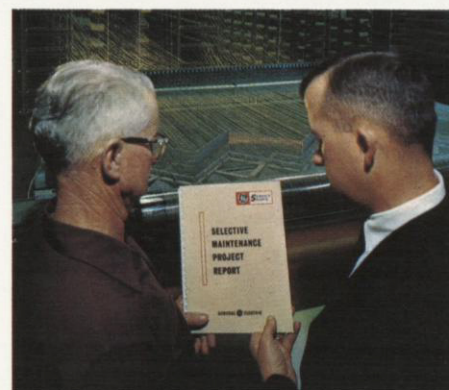
—chemical and metallurgical materials, represented above by one of the giant magnets built for a linear accelerator. The Company's chemical and metallurgical businesses had their best year. Growing use of Lexan® plastics, which are so tough they are replacing metal in many applications, has required further expansion of Mount Vernon, Indiana, fa-

cilities. Use of silicone sealants in building construction increased sales of these materials in 1963. The industrial "Man-Made" diamond business continued its growth, aided by development of the largest manufactured diamond crystals to be marketed commercially. These larger diamonds are used in masonry saws.

A new Construction Industries Division was formed to provide better coordination of six product departments whose principal market is the construction business.



Barrel-shaped magnet aids nuclear research



Selective Maintenance—new service idea



For executive jet aircraft, GE engines

Innovation in service

General Electric's worldwide service capability forms a strong added value to its products and systems for industry. In 1963 the Company's Service Shops Department developed a new service concept called Selective Maintenance, which reduces production losses occurring from equipment failures. New methods of equipment analysis make it possible to determine weak links in industrial systems and thus to spend maintenance dollars where they will do the most good.

Developing worldwide sales of power-producing equipment

New commitments for atomic plants lead year of improved business in electrical apparatus

For the developing nations throughout the world, greater electrification is a primary goal, supplying the base for industrial growth and improvement in living standards. As an indication of General Electric's contributions to this drive for electrification, the Company was at work during 1963 on electric power generation, transmission and distribution equipment for more than 100 different countries.

Sales billed for electrical apparatus were well above those for 1962. Orders, however, were up even more sharply during the year, strengthened by major commitments for atomic power reactors and related equipment.

At the end of 1963, General Electric had 36 nuclear reactors in operation or in various stages of design and manufacture for worldwide customers. These included:

India: Now in an early design stage, with completion planned for 1968, the 400,000-kilowatt Tarapur station is that country's largest nuclear project.

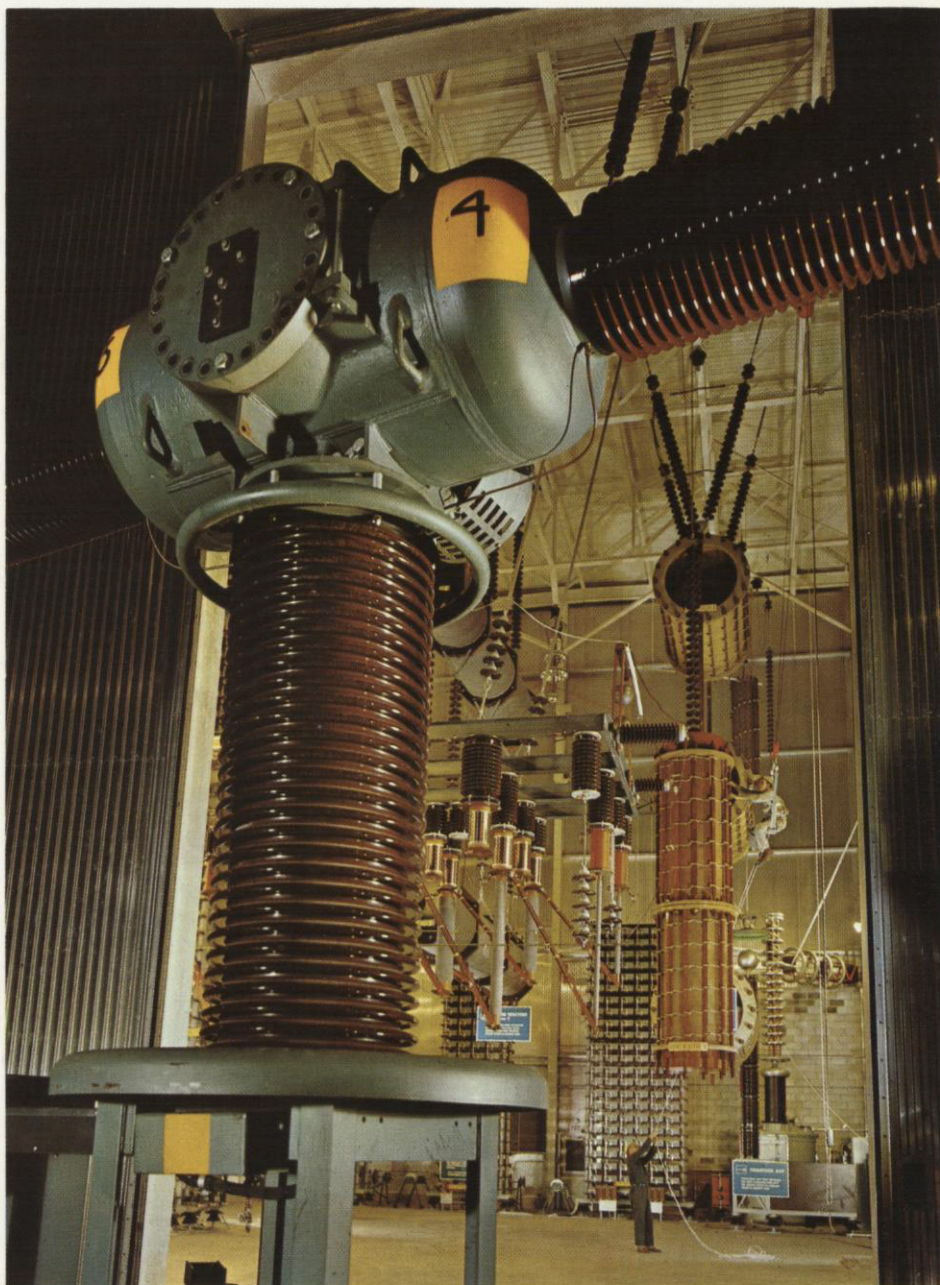
Japan: The Far East's first nuclear power was generated in 1963 by the Japan Power Demonstration Reactor. This reactor was turned over to the Japan Atomic Energy Research Institute in December.

West Germany: Construction was on schedule at year-end on the 250,000-kw KRB Gundremmingen Nuclear Power Plant, scheduled to operate in 1966.

Italy: The 160,000-kw Garigliano nuclear power station near Naples is scheduled for commercial operation in 1964.

Canada: The first reactor for a new research establishment in Manitoba is now being built by Canadian General Electric, with operation scheduled for 1965.

United States: General Electric received the two largest domestic nuclear plant orders awarded during the year. The reactors, both rated at over 500,000 kw, are the country's largest private nuclear power plants yet scheduled. An experimental superheat reactor, built in conjunction with the ESADA group of New York State utilities at the Company's Vallecitos Atomic Laboratory, sustained its initial reaction during 1963.



Addition to switchgear test laboratory in Philadelphia, built to meet customers' EHV needs with the area's non-atomic plants.

The atom becomes competitive

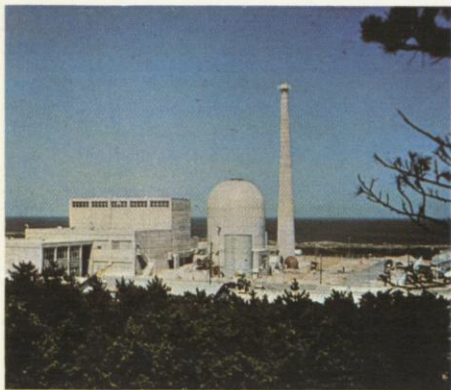
These new U. S. plants, as well as those for India and West Germany, are expected to produce electricity on a commercial basis at costs that will be competitive with those for neighboring fossil-fueled plants.

Progress toward this goal was made by other nuclear plants in 1963. California's Humboldt Bay plant, powered by a General Electric reactor, began commercial operation. It is expected to produce electricity at costs which the customer calculates will be competitive

During the year, the Big Rock Point plant in Michigan, with a Company-supplied boiling-water reactor, reached a thermal efficiency of 34%, the highest yet achieved by any plant with a water-cooled reactor.

Trend toward EHV

General Electric's 1963 developments in other electrical equipment were aimed at helping power producers in many countries maintain the supply of low-cost electric power.



Japan's first electricity from the atom



New reactor in Germany: a second order



Humboldt Bay plant—the atom competes

Much development effort is being focused on components for extra-high-voltage (EHV) transmission—as shown above at left—and on the large-capacity steam turbine-generators that become economically feasible as larger, interconnected electrical power systems are developed.

The world's four largest steam turbine-generators presently in successful service—each rated at 500,000 kilowatts or larger—are General Electric products. The Company has completed a 900,000-kw unit and is building, or has



For the distant future—fusion power orders for, an additional nine units ranging from 500,000 kw to 1,100,000 kw.

Giant transformers also are needed. Those on order at the end of 1963 included four rated above 600,000 kva and one 800,000-kva unit—believed to be the world's highest rated.

The Company is supplying equipment for a Canadian power line designed to carry 735,000 volts—more than twice the voltage of any line in commercial operation on the North American continent.

General Electric's investments to

keep ahead of utilities' EHV needs are typified by the free world's highest rated power circuit-breaker test facility, put into operation by the Company in 1963.

Other innovations include a gas-turbine package made up of four separate units that operate under a single set of controls to meet peak power demands. Another development is a hydro-electric generator that during periods of low demand converts into a motor which pumps water uphill into the system's reservoir. With one such system going into successful operation in 1963, General Electric was at work on even larger units for a pumped-storage generating plant in New York.

In response to the abnormally low price levels existing for large power equipment, General Electric people, through creative engineering, have developed units that are more economical to manufacture, yet at the same time bring new values to customers.

For example, the Company is producing the world's fastest circuit breakers. In case of lightning strikes or other faults on power lines, these units interrupt high-voltage power in a thirtieth of a second. Yet their modular design, compactness and reduced maintenance requirements offer savings in capital and operating costs for customers.

Research in fusion power

While electricity generated by nuclear reactors has come of age, another source of atomic energy, with great potential for the distant future, is being actively explored by General Electric scientists and engineers. This is controlled nuclear fusion, combining the nuclei of atoms—the method by which the sun's energy is generated.

While useful power has not yet been produced by a fusion reactor, visitors to General Electric's "Progressland" at the 1964 New York World's Fair will see that the work is more than a theoretical scientist's dream. As a climax of examples of General Electric's progress, there will be a laboratory demonstration of how man can now duplicate nature's most basic energy-producing reaction.

In aerospace and defense, a time of adjustment

New research and development emphasized as large-scale production drops

Over the past decade, sales by General Electric's defense operations have varied from 16% to 25% of the Company's total sales. After being at 24% in 1962 they dropped to 22% in 1963, as some large production contracts phased out and other projects were slowed by governmental cancellations and stretch-outs. Sizable lay-offs were necessary at some plants.

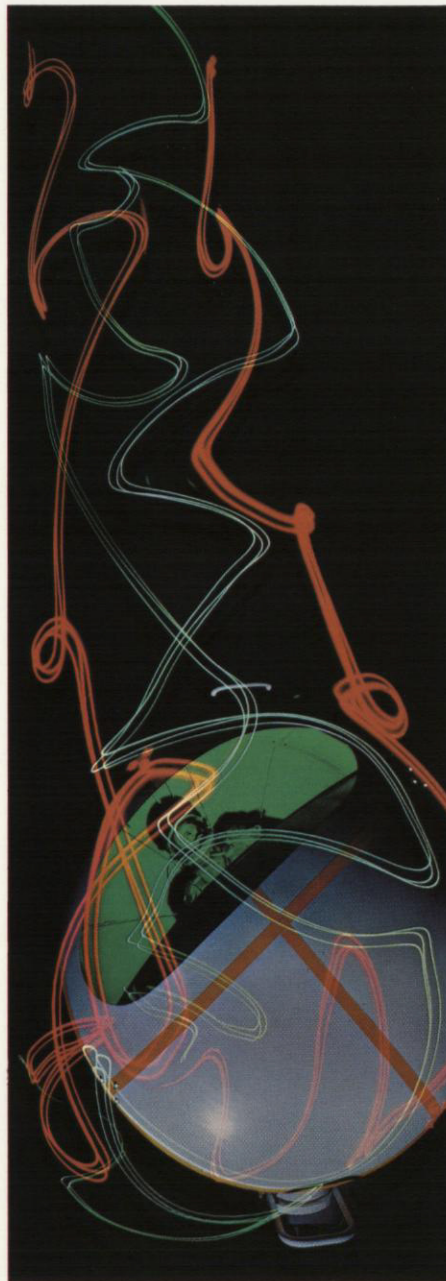
General Electric people continued, however, to have major responsibilities during 1963 in forwarding the nation's defense effort and its program of space exploration.

A space highlight of the year was the 22-orbit flight of Mercury astronaut Gordon Cooper. General Electric's radio guidance system placed his Faith 7 spacecraft into almost the exact center of a "keyhole in the sky" in what has been described as the nation's most accurate space launching to date. The system will now play a key role in the launchings of two-man Gemini spacecraft, the next phase of the manned space program, which is scheduled to begin in late 1964.

Man-in-space work grows

With national effort focusing on the Apollo program to land a man on the moon by the end of the decade, General Electric will perform a vital role in assisting the National Aeronautics and Space Administration in the performance of reliability assessment, check-out and integration support for the Apollo system. New facilities for the Apollo Support Department were established in Daytona Beach, Florida, in 1963. The Company was also awarded an additional responsibility in the lunar program: operation of NASA's Mississippi Test Facility, a static test area for Saturn boosters.

At the Company's Valley Forge Space Technology Center, scientists in 1963 conducted a program of life-support studies to develop new ways by which life can be sustained during long space voyages. In addition, government-sponsored studies covered solar and planetary probes, communication satellites, and space power and propulsion.



"Terranaut" flies laboratory spacecraft

The photograph above exemplifies the Company's increasing emphasis on new areas of research and development to anticipate changing defense and space needs. It represents one phase of a month-long simulated space mission, conducted by the Missile and Space Division, in which four "terranaunts" lived aboard a laboratory spacecraft inside a giant simulation chamber. Their space duties included maneuvering the "docking simulator" shown here into a rendezvous with the main spacecraft.

Major new development contracts for re-entry systems were received by General Electric during the year. One provides for development of the Mark 12 re-entry system for the Air Force's advanced Minuteman missile. Production is currently being completed on the Mark 6 re-entry vehicle, shown at right, which was developed by General Electric for the Titan II, the nation's largest operational ICBM. A contract was also received from NASA for development of a Bio-satellite—a recoverable space vehicle to study the combined effects of radiation and weightlessness on biological specimens during extended orbital flight.

Jet engine uses broadened

Development and production of jet engines has been a General Electric contribution to national security for more than two decades. There was a continued high level of performance in this area during 1963. Large-scale engine production is scheduled through 1964 as a result of recent contracts for J79 turbojets. In addition to its use by the Air Force, Navy and Marine Corps and the air arms of ten foreign nations, other versions of the J79 are also powering airliners, jet catapults and hydrofoil ships.

Development of a broad range of powerful, lightweight jet engines has enabled the Company to obtain an important segment of the small aircraft engine market. Four new aircraft engine applications were secured in 1963.

The Company is developing engines for tomorrow's planes, capable of flying at Mach 3—more than three times the speed of sound. The YJ93 turbojet engine, publicly "unveiled" during 1963, has already been supplied for the Air Force XB-70, the experimental bomber designed to fly at this Mach 3 speed. The Company's supersonic engine capability is also being applied to studies of power plant design for transport planes of the future.

A revolutionary type of aircraft, the XV-5A lift-fan plane, for which General Electric is prime contractor, is being developed for the Army for testing in 1964.



For national defense: checkout of re-entry vehicle for Titan II at Cape Kennedy

Capable of vertical take-off and landing, it is designed for high subsonic jet flight as well. The Company also has power plant applications on three other types of vertical take-off aircraft.

For the F-111 plane, now under development for use by the Air Force, Navy and Marine Corps, General Electric will supply equipment for radar, flight control, and armament systems.

Other contributions to defense

In helping to meet the changing requirements of national security, General

Electric is placing major emphasis on the development of advanced electronic concepts for use in radar, defense warning systems, communications and data processing. A recently announced development is the system shown above at right, capable of transmitting TV images via infrared light. It can help solve the increasing problems of data transmission congestion at missile sites by offering communication channels apart from radio frequencies.

The Company has played a key role in the development of electronic track-



In Florida: new facilities for Apollo



Transmitting data on infrared beam



Lift-fan plane will go straight up

ing systems, including SPADATS, a Space Detection and Tracking System which the North American Air Defense Command is using to determine the characteristics of objects orbiting in space.

While the program is now in a maturing phase, development of Polaris guidance and fire control systems for the Navy represents a major contribution to national security. The new Mark 84 fire control system, successfully tested in 1963, will vastly increase the deterrent capability of the Polaris fleet.

International business continues to increase

Export sales at high levels; Canadian sales at peak; subsidiaries improve performance

Determined management efforts to develop General Electric's international business made modest progress against intense competition in 1963.

Export sales of domestically manufactured products were at high levels, second only to the 1962 record. General Electric's design leadership, extra values and worldwide service are strong favoring factors in building export sales, typified by India's order for four medium-size steam turbine-generators, illustrated at right. Low-cost production in filling this order led to winning further orders for 17 such units in international competition.

Orders generally were at a high level in 1963, benefiting in part from U. S. foreign-aid programs which require that dollar credits be used in this country.

To align the Company more closely with its markets abroad, a new organizational structure has been developed for the International Group, which now includes: Canadian General Electric Company; the IGE Export Division, formerly the International General Electric Company Division; International Business Planning Operation; and Area Division-Europe, Area Division-Far East, and Area Division-Latin America, each of which will represent General Electric in those regions.

Canadian Company's best year

A second year of substantial growth was achieved by Canadian General Electric Company, Limited, whose results are consolidated with those of the Parent Company. Sales of \$311.1 million were 18% over the 1962 record.

Sales by the Canadian Company consist primarily of products manufactured by 16,254 employees in 10 Canadian communities. This company is also developing its export sales, aided by trading preference provisions within the British Commonwealth.

Subsidiaries reduce loss

In 23 countries outside the U. S. and Canada, General Electric has the sole or majority interest in subsidiary companies. Sales by these foreign nonconsolidated subsidiaries totaled \$257.1



Lynn, Mass., turbine for India typifies work that won "E for Export" flag

million for the 12 months ended September 30, 1963, an increase of 14% over the preceding 12 months' sales.

As shown by the statements above at right, these subsidiaries realized earnings of \$2.6 million, before provision for declines in currency values, compared with a \$2.1 million loss in 1962. However, inflation continues in many countries, especially in Latin America, causing the value of local currencies to decrease in terms of U.S. dollars. The dollar value of fixed assets such as land and machinery tends to remain the same, be-

cause their local-currency prices go up with inflation. Other local-currency assets, such as cash and receivables, lose dollar value to the extent they are not offset by local-currency liabilities.

A provision for this loss is necessary, in order to state the subsidiaries' results as U.S. dollar amounts which could be realized as dividends. After such provision—of \$4.1 million—the subsidiaries' 1963 loss was \$1.5 million, compared with a \$5.3 million loss in 1962.

In prior years the Company had re-invested sizable amounts of earnings,

**Foreign Nonconsolidated Subsidiaries—
Combined Statements**

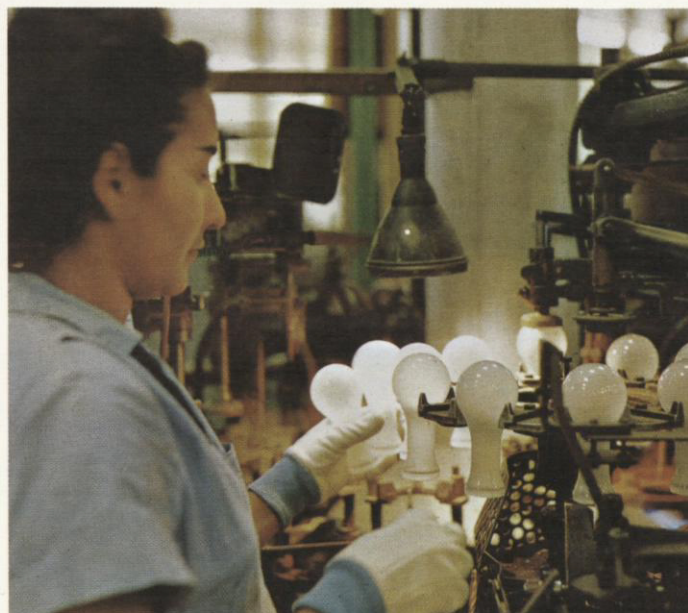
	(In millions) September 30	
Financial Position	1963	1962
Customer receivables	\$132.9	\$122.7
Inventories	127.7	105.3
Fixed assets	57.9	56.7
Other assets	76.7	83.2
Total assets	395.2	367.9
Borrowings	86.0	79.6
Other liabilities	182.0	155.5
Total liabilities	268.0	235.1
Equity of, and advances by, General Electric	127.2	132.8
Investments at cost and advances	89.5	92.1
Excess of equity over cost of investments	\$ 37.7	\$ 40.7
Operations (twelve months ended Sept. 30)		
Net sales billed	\$257.1	\$226.4
Earnings or loss (—) on these sales	\$ 2.6	\$ -2.1
Provision for the effect on net assets, except fixed assets, of net decline in local currencies	-4.1	-3.2
Net loss (—)	\$ -1.5	\$ -5.3
Dividends for calendar years 1963 and 1962, included in General Electric's earnings	\$ 2.1	\$ 1.8



From Schenectady: big generators that bring more power to Spain



Outdoor lights from U.S. add new glow to Paris



In new Venezuelan facility, lamps are produced for the local market

and, as a result, the subsidiaries' value was \$37.7 million greater than the \$89.5 million cost of investments and advances on the Company's books at September 30, 1963. Dividends received from the subsidiaries, and included in the Company's earnings for the calendar year 1963, totaled \$2,055,497 compared with \$1,787,671 for 1962.

Broader foreign markets sought

The photographs on these pages show examples of current efforts to broaden the base of General Electric's interna-

tional business. Traditionally, the largest portion of product sales of both domestic and foreign manufacture has been in Latin American countries. In recent years, however, the build-up of activities in other areas of the free world has exceeded the Latin American rate of growth.

Efforts to increase sales to European markets are typified by generators for the new Aldeadavilla power plant in Spain (shown above at right), one of the largest in Europe.

The overseas distributor organization

is being strengthened and, as shown on the back cover, supplied with products designed for overseas markets.

The Company's technological leadership is one bridge to growth, both in developing countries and in European markets. As shown, General Electric lighting has gained acceptance even in "The City of Light." Also, the Company's miniature AG-1 photoflash lamp has been accepted in Europe to the degree that a number of camera manufacturers have designed their products for European markets around these lamps.

Year of progress and challenge for employees

1963 progress: higher pay, better benefits. Challenge: to keep competitive worldwide

For employees, 1963 was a year of further improvement in General Electric jobs, already among the best in industry. It was also a year which saw growing employee determination to help in holding down costs and strengthening the Company's ability to meet the challenge from increasing foreign and domestic competition. This determination was apparent in the spirit of willing participation in innovations designed to increase productivity, improve cost performance and create better values for customers.

Employment, compensation rise

Progress for employees included increased compensation and job opportunities. The Company's average annual employment totaled 262,882, an increase of 4,708 over the 1962 level. During the year, more than 33,000 people joined the Company to fill new employment opportunities, replace retirees and fill other vacancies.

General Electric has received national recognition as an equal opportunity employer, offering job and advancement opportunities to qualified persons regardless of race, creed or color.

Employment compensation costs were a record \$2,121.6 million, including employee benefits, and amounted to 41 cents for each sales dollar. Average compensation per employee reached \$8,071, a new high.

The Company's costs for employee benefits included the cost of two plans which are enabling increasing numbers of employees to become share owners. The Company contributed \$28 million to the General Electric Savings and Security Program, approved by share owners in 1959. Under this program, approximately 100,000 participants became entitled to a 50% proportionate payment in addition to their savings at the end of the second holding period, December 31, 1963. The Company also contributed shares with a market value of \$2 million as bonuses to participants in the Savings and Stock Bonus Plan, approved by share owners in 1948.

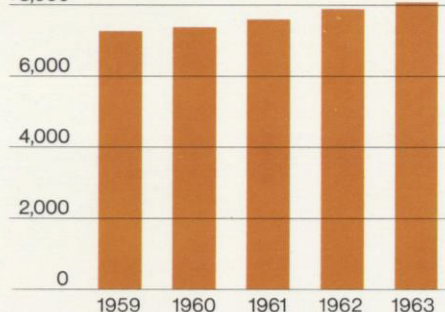
General Electric's broad benefits program also includes paid vacations, paid



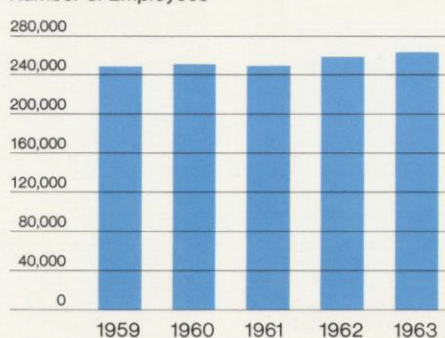
Company's courses range from space study...to apprentice training in machining skills



Average Annual Compensation per Employee
(Includes Employee Benefits) **\$8,071**



Average Annual Employment **262,882**
Number of Employees



holidays, life insurance, comprehensive medical insurance, and pension plans (see statement above). In 1963 the Company increased benefits for pensioners. \$67 million was paid for social security taxes, including \$24 million in unemployment compensation taxes.

New agreements reached

Improvements for all employees formed the base for agreements signed in 1963 with more than 100 unions. Three-year wage agreements provide two pay increases of roughly 2.5% each, one ef-

PENSION TRUSTS for employees of General Electric and its subsidiaries

(In millions)

Operating Statement	1963	1962
Total assets—Jan. 1	\$1,214.9	\$1,151.6
Plus: Company contributions	26.4	32.2
Employee contributions	17.5	15.9
Investment income	54.1	50.5
	1,312.9	1,250.2
Less: Pensions paid	38.8	35.3
Total assets—Dec. 31	\$1,274.1	\$1,214.9

Financial Position—Dec. 31

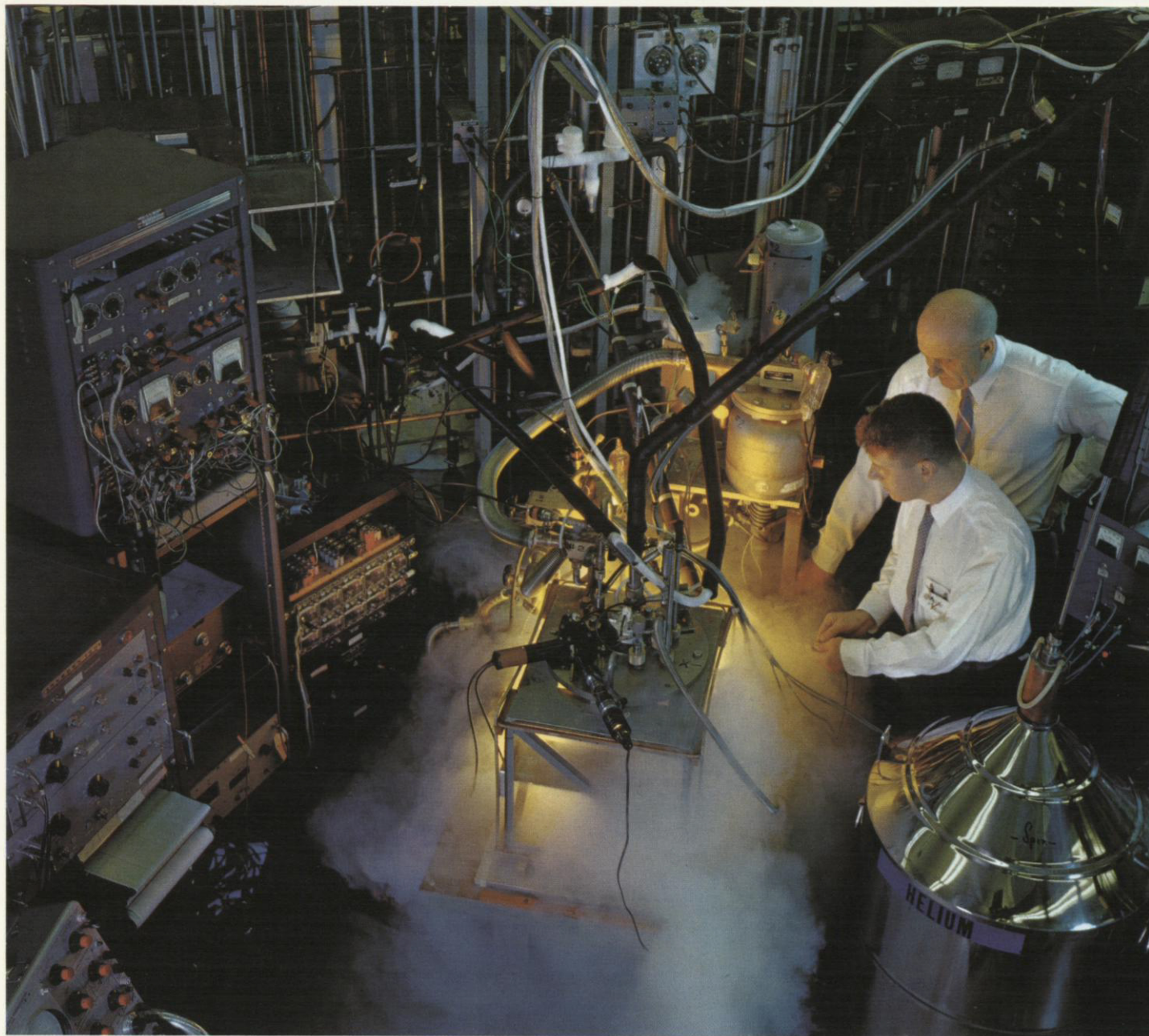
Investments at cost	\$1,250.1	\$1,189.1
Cash	0.5	1.3
Other assets—net	23.5	24.5
Total assets	\$1,274.1	\$1,214.9
Liability to pensioners	\$ 301.4	\$ 272.0
Reserve for pensions to participants not yet retired	972.7	942.9
Liabilities and reserves	\$1,274.1	\$1,214.9

At December 31, 1963, estimated unfunded liabilities totaled \$111.1 million. Market value of investments was \$1,555.2 million on that date.

fective in September 1963 and the other in April 1965, as well as improved holiday pay and time-off provisions and six provisions for better protection in case of layoff. Five-year benefits agreements included: six insurance plan improvements, seven improvements in pension plans, and more liberal vacations.

Responsive both to employee needs and to the competitive needs of the business, the new benefits and wage packages provide employment cost additions which are more modest than those of former years.

Response: emphasis on developing skills, creating new values for customers through research



Symbol of employees' search for innovations: experiments at ultra-cold temperatures

Employees improve skills

General Electric people help the Company become more competitive by fully developing their own abilities. In 1963, an estimated one of every eight employees took Company courses to sharpen existing job skills or acquire new skills.

Shown on the opposite page is a typical example of many in-plant study opportunities. Technicians in the Re-entry Systems Department prepare for work on new space projects by taking the Advanced Plastics Technology Course.

Study of the work of management

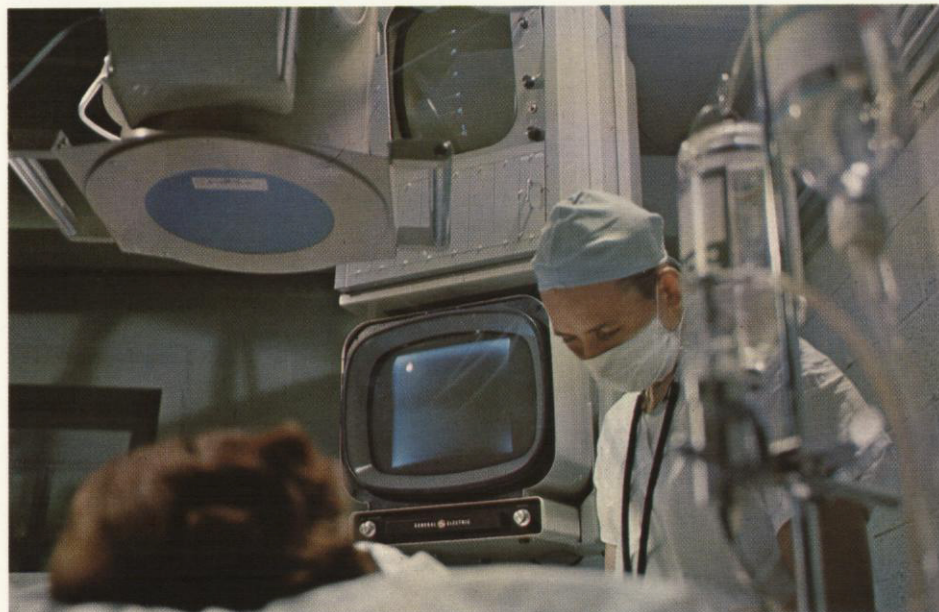
is being emphasized. For example, during 1963 development work was completed on a new 13-week General Management Course substantially advanced over prior courses. The new course, designed to develop present and potential general managers throughout the Company, will be offered twice in 1964.

Innovation through research

One of General Electric's greatest competitive strengths is its capability in research and development. In 1963 the

Company maintained a high level of expenditures on research and development. General Electric has three major laboratory organizations that serve the Company as a whole — the Research Laboratory, Advanced Technology Laboratories, and the Manufacturing Laboratory, all located in Schenectady, N. Y. In addition, the Company has more than 50 major laboratories serving the research and development needs of operating departments, and many other laboratory activities of lesser scope. One of every 10 Company employees

(Innovation continued on page 24)



New from G-E product laboratories: electronic aids for medical research



One of new GE-400 computer series—designed to expand as customer's needs grow is a technical graduate.

Discovery of new materials is one area of special focus at the Research Laboratory. Polymer research has led to the production of such versatile plastics as silicones and Lexan,[®] and more new materials are on the way.

Work in progress at the Advanced Technology Laboratories includes developing cryogenic devices to operate near absolute zero. One such device is a highly accurate cryogenic gyroscope running on frictionless bearings.

Representative of important develop-

ment work in laboratories of product departments is new medical electronics equipment from the X-Ray Department. Shown above is a new system, combining advanced x-ray and electronic monitoring equipment, designed to aid cardiac research.

General Electric computers apply new ideas from both the Company's own wide use of computers and its electronics research. The new GE-400 series, for example, offers customers advanced thin-film memory elements four times faster than conventional units.

Antitrust

Progress toward resolution

Intensive discussions were conducted during 1963 with electric utility customers who had purchased products which were the subject of the 1960 antitrust cases involving the electrical equipment industry.

These discussions brought to light certain barriers to acceptance of the Company's previous offers. A revised basis of calculation of price adjustments, requiring higher payments than originally offered by the Company, has been developed to resolve those barriers. This basis is being uniformly offered to all our electric utility customers, with supplementary payments being made to those utilities who had reached agreement before these revisions were adopted.

As of the close of 1963, the Company had reached or was in the process of concluding agreements with electric utility customers accounting for approximately two-thirds of the sales of the products involved. Payments made or to be made to these customers totaled \$25.9 million in excess of amounts provided for in 1962, and this excess was charged to 1963 operations. Sales were reduced by \$17.8 million—representing adjustment of prior billing—and costs applicable to sales were increased by \$8.1 million for reimbursement of certain expenses incurred by customers in connection with these matters.

A Federal Judge before whom the revisions were discussed and negotiated has characterized the agreements reached on the revised basis as "fair and reasonable" and "in the best interests of the parties and the public who have their funds invested in the stocks and securities of these companies."

While additional customers may accept adjustment on the revised basis, regrettably it appears at this time that some lawsuits will proceed to trial in spite of the wide acceptance of the Company's offers. The Company will defend vigorously those cases that do go to trial, no matter how many years of litigation are required. Thus, it is impossible to estimate the cost, or the number of years, to dispose of these matters in their entirety.

1963 Financial Summary

Results were slightly improved despite lower prices and higher costs

This financial summary discusses the year's results generally in the order they appear in the financial statements on pages 28 and 29 and is meant to provide an accompanying explanation of those statements.

General Electric's 1963 sales were up 3% over those for 1962. At \$4.9 billion, they set a new record for the third straight year.

Sales are discussed further in the review of 1963 operations on pages 8 through 21. In summary, sales of consumer goods showed the greatest percentage increase, and the gains for heavy capital goods and industrial equipment were also ahead of the average rise in total sales. Volume of defense business dropped about 8%, mainly because of government cut-backs in the aerospace area.

Net earnings increased to \$270.6 million, or \$3.00 a share of stock, from \$265.8 million, or \$2.97 a share, in 1962.

Certain nonrecurring factors reduced 1963 net earnings by 5 cents a share (the net effect of a 14-cent reduction from charges in connection with the 1960 antitrust cases described on page 24 and a 9-cent gain on the year-end sale of installment receivables described on page 26). Similar factors discussed in the 1962 Annual Report, which had reduced 1962 earnings by 3 cents a share, were a reduction resulting from the 1962 provision for antitrust matters and an increase from the return to income of certain inventory and incentive compensation reserves which were no longer required.

Low price levels continued to hold down earnings improvement. Vigorous cost-saving programs, however, kept earnings as a percentage of sales at 5.5% in 1963, the same as in 1962. This was accomplished despite cost increases in the form of higher average compensation per employee, as shown in the chart at far right.

At the Directors' meeting in November 1963 the dividend declared for the last quarter (and paid in January 1964) was increased by 10% to 55 cents a share, as discussed on pages 6 and 7.

Total employment costs for the year, as discussed in more detail on page 22, were \$2.1 billion. Average compensation per employee, including the Company cost of employee benefits, reached \$8,071. Both were new highs.

These amounts included costs of employee pension plans totaling \$26.4 million in 1963, as shown in the statements for pension trusts on page 22. The cost of these plans for the last three years has been lower than in earlier years. This resulted basically from recognition of the long-term improvement in earnings of the General Electric Pension Trust. Present favorable earnings rates are expected to continue in the future.

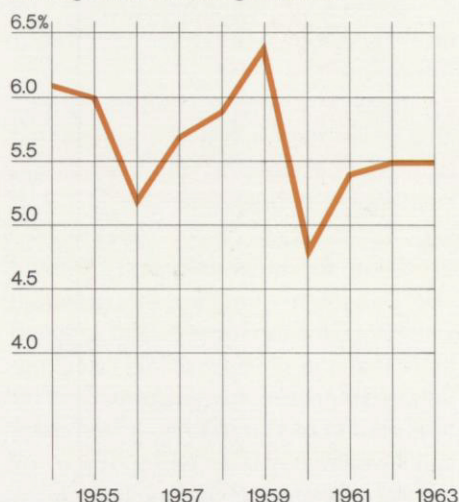
To determine the amount which the Company needs to provide the Trust now to meet future pension payments, it is necessary to estimate how much will be earned on Trust assets between now and the time that actual pensions must be paid. With a higher earnings rate, the Trust needs less money now; conversely, a lower earnings rate means

that additional money would be required now.

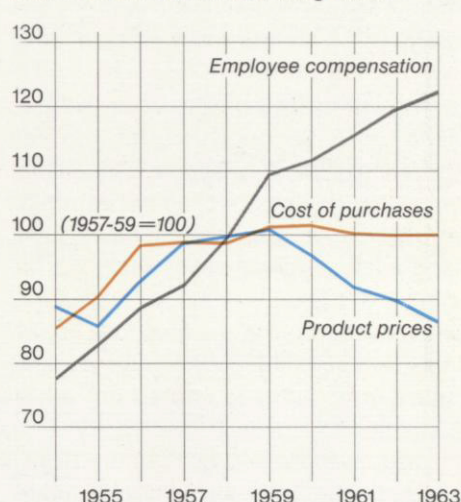
This estimated rate of future earnings was increased from 3% to 3½% in 1961, and from 3½% to 4% in 1963. (This compares with an actual earnings rate on Trust assets of 4.4% for 1963.) In each case, the change reduced the estimated amount needed to pay pensions as they come due in the future. Since the Company had contributed 100% of its requirements in prior years for pension benefits applicable to service since September 1, 1946 (computed on the basis of estimated earnings rates then in effect), an adjustment in subsequent contributions was necessary.

In each of the years 1961 and 1962, Company contributions were reduced by approximately one-half of the adjustment attributable to the change to 3½%, and in 1963 by approximately one-half of the adjustment attributable to the change to 4%. Without this reduction, the Company's 1963 pension costs would have been \$71.6 million.

Earnings as a Percentage of Sales



Indexes of Cost Levels & Selling Prices



CHANGES IN PLANT AND EQUIPMENT

	(In millions)	1963	1962	1961
Cost of plant and equipment in use January 1		\$1,723.3	\$1,673.4	\$1,616.5
Cost of facilities added during year		111.9	125.4	145.2
Deduct: Cost of facilities dismantled during year		-83.7	-75.5	-88.3
COST OF PLANT AND EQUIPMENT IN USE DECEMBER 31		\$1,751.5	\$1,723.3	\$1,673.4
Accumulated depreciation and amortization January 1		\$1,010.4	\$ 956.7	\$ 922.8
Total depreciation and amortization included in costs		127.7	127.1	117.9
Deduct: Accumulated depreciation and amortization on facilities dismantled during year		-81.4	-73.4	-84.0
ACCUMULATED DEPRECIATION & AMORTIZATION DEC. 31		\$1,056.7	\$1,010.4	\$ 956.7
COST LESS DEPRECIATION AND AMORTIZATION DEC. 31		\$ 694.8	\$ 712.9	\$ 716.7

Financial Summary *continued*

Depreciation and amortization (cost of wear and obsolescence of plant and equipment) were \$127.7 million in 1963, compared with \$127.1 million in 1962 and \$117.9 million in 1961. As noted in last year's annual report, accelerated depreciation is being used on 1961 and later additions to plant and equipment, which has led to higher depreciation expense in the last two years.

The Company has consistently provided for depreciation of plant and equipment at rates based on a conservative evaluation of the forecast useful and economic life of these assets. In most years this has resulted in depreciation and amortization charges which were higher than the Internal Revenue Service would allow as a deduction for U. S. income tax purposes. Accordingly there has been a substantial accumulation of "excess" of book depreciation over tax depreciation. Late in 1962 the Internal Revenue Service published a new series of "guideline lives" and related procedures for use in determining allowable depreciation for tax purposes. For most facilities in the United States, the Company has adopted these "guideline lives" for Federal income tax purposes commencing with its 1962 tax return. As a result, total depreciation for tax purposes will exceed book depreciation for several years, as it did in 1962 and 1963. There was, however, no effect on net earnings in 1962 and 1963 because the provision for Federal income taxes includes an amount for taxes payable in the future, when tax depreciation again falls below book depreciation. The liability for these future taxes is being carried in "Other Liabilities."

The "investment credit" in the Revenue Act of 1962 provides a tax reduction of up to 7% of the cost of new equipment put in place within the United States. However, all or a portion of this credit may be lost if the equipment is not retained for at least eight years.

The Company's investment credit was \$7.4 million in 1963 and \$5.5 million in the prior year. These amounts are being carried in "Other Liabilities" and added to income over the life of the underlying facilities. Accordingly, \$1.2 million was returned to income in 1963.

Inventories are made up of raw materials, products in various stages of the manufacturing process, and products which are completed and ready for sale. Inventories at the close of 1963, totaling \$743.0 million, were carried forward as costs applicable to sales in future years. Inventories increased by \$20.2 million during 1963. The increase was mainly in support of higher sales levels for consumer goods.

Nonoperating income includes, in addition to earnings of General Electric Credit Corporation and dividends from foreign nonconsolidated subsidiaries, a variety of other categories of income. Among the more important are interest income from marketable and other security investments, interest on customers' notes, and income from royalties and service charges arising from the use of patents and technical know-how.

Nonoperating income totaled \$67.5 million in 1963, an increase of \$25.8 million over the amount for 1962. Most of the increase came from a gain on the sale of installment receivables (discussed at right) and greater income received from securities investments and interest from long-term customer financing.

Interest and financial charges of \$8.0 million for 1963 nearly all represented interest payments on the Company's outstanding debentures.

Provision for income taxes — Federal and Canadian — and for renegotiation was \$274.6 million for 1963, \$30.6 million more than the 1962 provision. "Renegotiation" represents a net provision for that portion of earnings on government sales which may later be recovered by the government. The income tax returns of the Parent Company and its principal subsidiaries have been audited by tax authorities through 1958, and there are no open items of any consequence.

The total tax and renegotiation cost in 1963—including taxes of all types—was \$3.56 a share, 56 cents more than net earnings for the year.

Cash and marketable securities amounted to \$621.1 million at the close of 1963, an increase of \$275.3 million

during the year. Nearly all of this increase arose from the year-end sale of installment receivables.

Installment receivables of \$216.9 million were sold to a number of financial institutions on December 31, 1963. These represented all of the Parent Company's installment receivables on that date.

The purpose of this transaction was to facilitate the election for Federal income tax purposes of the "installment method" of accounting. Under this method, income taxes are paid on gross profits from installment sales at a later time—when collections are received—rather than at the time the sale is made. Income taxes would be paid on the same profits for a second time unless existing installment receivables were sold prior to making the installment election.

The sale was made with recourse so that the Company retains the same risk of loss to which it was exposed prior to the sale.

Approximately 75% of the receivables arose from long-term financing of export sales, especially in Latin America. All of these amounts were receivable in U.S. dollars. In most cases, the receivables were from, or were guaranteed by, agencies of the governments of the countries involved.

Net working capital (the excess of current assets over current liabilities) increased by \$277.0 million during the year. Changes in net working capital are summarized below:

	(In millions)	
	1963	1962
Additions to net working capital		
Net earnings for the year	\$270.6	\$265.8
Decrease in noncurrent (long-term) receivables	139.4	—39.3
Depreciation for the year	127.7	127.1
Newly issued common stock	32.4	28.5
All other—net	28.6	6.2
	<u>598.7</u>	<u>388.3</u>
Reductions in net working capital		
Dividends on common stock	183.1	177.5
Expenditures for plant and equipment	111.9	125.4
Increase in investments and advances	26.7	—14.9
	<u>321.7</u>	<u>288.0</u>
Increase in net working capital	<u>\$277.0</u>	<u>\$100.3</u>

Investments and advances — at \$284.6 million—increased by \$26.7 million during 1963. The increase was mainly in holdings of miscellaneous securities.

The Company's equity in General Electric Credit Corporation, a wholly owned sales financing subsidiary, increased by \$8.7 million during the year, representing 1963 earnings of the Credit Corporation. These 1963 earnings were approximately the same as the amount earned in 1962.

Volume of financing by this subsidiary totaled \$976.0 million in 1963, an increase of 7% over the prior year, attributable mainly to higher levels of consumer and inventory financing. Financial statements for this subsidiary are presented on page 31.

During 1963, a new subsidiary known as GECC Leasing Corp. was formed by General Electric Credit Corporation. This new subsidiary, whose accounts are consolidated with those of the Credit Corporation, adds leases to the range of financing services which General Electric Credit Corporation offers to its customers.

Another subsidiary—Genelco Finance, Ltd.—was formed during 1963 by Canadian General Electric Company, Ltd., to help finance the sales of the Canadian Company's products to commercial and industrial customers in Canada. The investment in this subsidiary and in Jelco Corporation, which finances the leasing of commercial jet engines, totaled \$0.2 million at the end of 1963.

Effective January 31, 1964, all of its jet engines were acquired outright from Jelco Corporation by the customer involved. Accordingly, all of Jelco's borrowings have now been repaid, and present intentions are that the subsidiary will be dissolved.

Investments in, and advances to, foreign nonconsolidated subsidiaries amounted to \$89.8 million at the end of 1963, a decrease of \$0.8 million during the year. Combined statements for these subsidiaries at September 30, 1963 and 1962 and operating results for the twelve months then ended appear on page 21.

Investment of \$28.8 million in the Company's common stock represented

the cost of 372,983 shares held for corporate purposes at the end of 1963. A summary of changes in these holdings during 1963 is as follows:

	Number of shares
Shares of General Electric common stock held at January 1, 1963	385,664
Acquired during the year	538,102
	<u>923,766</u>
Used during 1963	
For the Incentive Compensation Plan	
Delivered to participants	59,606
Transferred under deferred provisions	24,487
For the General Electric Savings and Security Program	442,498
For the General Electric Savings and Stock Bonus Plan	22,795
Other awards to employees	1,397
Total shares used	<u>550,783</u>
Shares held at December 31, 1963	<u>372,983</u>

In addition to the above investment in General Electric stock, at December 31, 1963 the Company was also holding—for ultimate distribution to employees on a contingent basis under the deferred compensation provisions of the Incentive Compensation Plan—a total of 324,266 shares of common stock allotted during the years 1948 through 1963. These shares were carried under "Other Assets" as a part of "Funds for employee benefit plans" at market value at the time of their allotment, with an offset under "Other Liabilities."

Miscellaneous securities, totaling \$71.8 million at the end of 1963, increased \$22.3 million during the year, mainly because of increased investments in foreign securities and in certain longer-term U.S. government-guaranteed obligations.

The Company's 3½% debentures outstanding at the end of 1963 amounted to \$203.0 million, a decrease of \$19.5 million from the amount outstanding at the end of 1962. Debentures having a face value of \$14.0 million, and reacquired at a cost of \$13.0 million, were retired during 1963 in accordance with the sinking fund provisions of the underlying indenture agreement.

The Incentive Compensation Plan provides incentive for outstanding performance by key employees. Incentive amounts allotted for any given year vary

in accordance with how well the year's objectives are met by the entire Company, by the organizational component for which the individual works, and by the individual himself. Allotments made in 1963 for outstanding performance in 1962 amounted to \$14,794,178 for 2,335 employees.

The restricted Stock Option Plan, approved by the share owners in 1963 by 97.7% of the votes cast, and two previous similar plans, provided continuing incentive for more than 1,000 employees during 1963. The option price of grants under these plans is the full market value of General Electric stock on the date of the grant. Therefore participants in the plan do not benefit unless the stock's market price rises, thus benefiting all share owners. Also, in order to exercise options the employee must remain with the Company, since options may be exercised only after annual installments mature, which is generally over a period of nine or ten years. Thus the plan encourages outstanding managers and professional employees to have a greater long-term interest in the results of General Electric's Company-wide operations.

During 1963, additional stock options were granted for 306,483 shares. Shares deducted from original grants for such reasons as deaths, retirements, and withdrawals totaled 26,054. Options for 1,004,392 shares outstanding at the end of 1963 were held by 965 individuals and 1,238,032 shares were available for the granting of additional options. A summary at the end of 1963 follows:

Year of grant	Average option price	Net orig- inal grants*	Installments		1963 pur- chases
			not yet exer- cisable	but not yet purchased	
1953	\$23.89	1,935,511	—	35,579	155,960
1954	45.00	540,097	—	59,055	80,035
1955	52.25	633,194	57,682	147,834	113,205
1957	65.76	172,672	49,675	84,843	15,515
1958	64.88	54,108	22,240	21,559	5,446
1959	79.88	29,055	15,521	13,534	—
1960	78.63	72,575	47,647	24,624	304
1961	78.00	74,965	57,866	16,967	132
1962	72.75	51,320	45,559	5,736	25
1963	79.88	298,471	298,471	not yet exercisable	—
		<u>3,861,968</u>	<u>594,661</u>	<u>409,731</u>	<u>370,622</u>

*After deductions for such reasons as deaths, retirements, and withdrawals. Closing market price was \$87.125 on December 31, 1963.

General Electric 1963 Financial Statements

Consolidated Statement of Current and Reinvested Earnings

For the year

	1963	1962	1961
SALES of products and services to customers	<u>\$4,918,715,661</u>	<u>\$4,792,732,530</u>	<u>\$4,456,815,169</u>
Deduct operating costs:			
Inventories at January 1 (costs carried over from prior year) . .	722,774,339	648,447,738	655,161,191
Wages, salaries and employee benefits	2,121,621,077	2,040,782,602	1,903,613,703
Materials, supplies and all other costs not shown separately . .	2,275,962,051	2,290,816,062	2,062,921,379
Depreciation (wear and obsolescence of plant and equipment)	127,694,800	127,056,005	117,879,850
Taxes, except those on income	43,046,566	43,043,084	39,379,845
Less—Inventories at year-end (costs carried over to next year)	—742,964,766	—722,774,339	—648,447,738
—Wages, salaries and employee benefits directly reimbursed by Atomic Energy Commission	<u>—111,216,185</u>	<u>—106,220,875</u>	<u>—105,451,984</u>
Total costs applicable to sales	<u>4,436,917,882</u>	<u>4,321,150,277</u>	<u>4,025,056,246</u>
EARNINGS RESULTING FROM SALES	<u>481,797,779</u>	<u>471,582,253</u>	<u>431,758,923</u>
Add nonoperating income:			
Net earnings of General Electric Credit Corporation	8,709,216	8,666,884	9,539,960
Dividends received from foreign nonconsolidated subsidiaries .	2,055,497	1,787,671	2,602,548
Other nonoperating income—net	64,810,473	39,559,568	51,192,811
Less—Interest on debentures and other financial charges . . .	<u>—8,036,966</u>	<u>—8,254,046</u>	<u>—8,776,894</u>
Nonoperating income—net	<u>67,538,220</u>	<u>41,760,077</u>	<u>54,558,425</u>
EARNINGS BEFORE INCOME TAXES AND RENEGOTIATION	549,335,999	513,342,330	486,317,348
Deduct—Federal and Canadian income taxes, and renegotiation	274,600,000	244,000,000	241,700,000
—Other income taxes	3,181,541	2,646,568	2,453,274
—Minority interest in subsidiary's net earnings	<u>915,702</u>	<u>851,993</u>	<u>85,117</u>
NET EARNINGS applicable to common stock	270,638,756	265,843,769	242,078,957
Deduct—Dividends declared for year	<u>183,124,154</u>	<u>177,460,824</u>	<u>176,440,908</u>
Amount added to reinvested earnings for year	87,514,602	88,382,945	65,638,049
Reinvested earnings January 1	<u>1,093,043,238</u>	<u>1,004,660,293</u>	<u>939,022,244</u>
REINVESTED EARNINGS December 31	<u>\$1,180,557,840</u>	<u>\$1,093,043,238</u>	<u>\$1,004,660,293</u>
 Earnings per share	 \$3.00	 \$2.97	 \$2.72
Dividends declared per share	\$2.05	\$2.00	\$2.00
Dividends paid per share	\$2.00	\$2.00	\$2.00

Reference should be made to Notes on pages 30 and 31

Consolidated Statement of Financial Position

December 31

	1963	1962
Cash on hand and in banks	\$ 383,308,940	\$ 81,861,808
Marketable securities (short-term investments readily convertible to cash) . . .	237,809,454	263,939,952
Receivables* (money owed to the Company by customers, to be paid within a year) .	698,274,792	716,040,558
Inventories (materials, and products being made or completed and ready for sale) .	<u>742,964,766</u>	<u>722,774,339</u>
	2,062,357,952	1,784,616,657
Deduct: Collections from customers on contracts in progress and anticipated price adjustments on contracts	<u>188,108,055</u>	<u>228,123,379</u>
CURRENT ASSETS (cash, or items generally convertible to cash within a year) . .	1,874,249,897	1,556,493,278
Investments and advances* (mainly securities of wholly owned companies not consolidated, plus loans to them)	284,628,100	257,963,496
Plant and equipment less accumulated depreciation* (original cost of land, buildings and equipment—less estimated cost consumed by wear and obsolescence) . . .	694,768,299	712,917,860
Other assets* (long-term receivables, special funds, etc.)	<u>161,485,018</u>	<u>319,612,876</u>
TOTAL ASSETS (items owned at the end of the year)	<u>3,015,131,314</u>	<u>2,846,987,510</u>
Notes payable by consolidated subsidiaries	150,000	50,000
Accounts payable* (money owed for materials and services supplied by others) .	203,163,325	209,478,404
Dividends payable to share owners	49,197,136	44,399,899
Taxes accrued (taxes owed to local, state, Federal and Canadian governments) . .	260,119,319	252,418,277
Other costs and expenses accrued* (amounts to be paid for wages, interest, etc.) .	<u>313,836,712</u>	<u>279,393,028</u>
CURRENT LIABILITIES (amounts generally due within the year ahead)	826,466,492	785,739,608
3½% debentures due May 1, 1976 (amount owed on long-term borrowings)	203,008,000	222,472,000
Other liabilities* (long-term payables, etc.)	86,417,398	61,550,493
Remainder of premium received from 1956 sales of debentures	687,314	785,622
Miscellaneous reserves (provision for future payment of costs incurred to date) . .	34,054,459	36,042,392
Minority share owners' interest in Canadian General Electric Company, Ltd. . . .	<u>18,907,834</u>	<u>18,074,474</u>
TOTAL LIABILITIES, reserves and minority interest (amount owed at year end) . .	<u>1,169,541,497</u>	<u>1,124,664,589</u>
Excess of Assets over Liabilities, Reserves and Minority Interest—Ownership . .	<u>\$1,845,589,817</u>	<u>\$1,722,322,921</u>
This ownership (share owners' equity) is evidenced by:		
Common stock* (issued shares of stock, each with a par value of \$5)	\$ 452,435,485	\$ 449,444,830
Amounts in excess of par value received for stock*	212,596,492	179,834,853
Earnings reinvested in the Company	<u>1,180,557,840</u>	<u>1,093,043,238</u>
TOTAL SHARE OWNERS' EQUITY	<u>\$1,845,589,817</u>	<u>\$1,722,322,921</u>

*Details shown on page 30

Details of Items in Statements

	DECEMBER 31	
	1963	1962
Receivables:		
From nonconsolidated subsidiaries	\$ 11,381,366	\$ 10,523,243
Other, less reserves	686,893,426	705,517,315
	<u>\$ 698,274,792</u>	<u>\$ 716,040,558</u>
Investments and Advances:		
General Electric Credit Corporation—Equity	\$ 86,468,016	\$ 77,758,800
—Advances	15,000,000	20,000,000
Other sales finance subsidiaries—Equity and advances	202,601	98,318
Foreign nonconsolidated subsidiaries—Investments	52,892,318	51,344,662
—Advances	36,952,477	39,279,492
General Electric common stock at cost	28,780,456	27,442,642
Miscellaneous securities at cost	71,832,232	49,539,582
	<u>292,128,100</u>	<u>265,463,496</u>
Less: Reserve	7,500,000	7,500,000
	<u>\$ 284,628,100</u>	<u>\$ 257,963,496</u>
Plant and Equipment:		
Plant and equipment at cost	\$1,751,507,242	\$1,723,347,324
Less: Accumulated depreciation and amortization	1,056,738,943	1,010,429,464
Cost less accumulated depreciation and amortization	<u>\$ 694,768,299</u>	<u>\$ 712,917,860</u>
Other Assets:		
Long-term receivables, less reserve	\$ 29,354,807	\$ 168,715,247
Equipment leased to others—net	50,654,148	53,687,030
Advances to vendors and distributors	12,833,431	22,465,955
Funds for employee benefit plans—per contra in		
Other Liabilities	19,193,154	22,187,564
Deferred charges, less reserve	12,580,415	11,482,094
Loans and advances to employees	4,821,482	4,843,242
All other	32,047,581	36,231,744
	<u>\$ 161,485,018</u>	<u>\$ 319,612,876</u>
Accounts Payable:		
Trade payables	\$ 151,186,604	\$ 159,992,187
Payables representing collections from		
employees and others	51,399,284	48,975,189
Accounts payable to nonconsolidated subsidiaries	577,437	511,028
	<u>\$ 203,163,325</u>	<u>\$ 209,478,404</u>
Other Costs and Expenses Accrued:		
Payrolls accrued	\$ 36,299,911	\$ 30,791,865
Interest expense accrued	1,197,202	1,327,486
Other costs and expenses accrued—		
includes liabilities for replacements under		
guarantees, renegotiation, allowances to		
customers, employee benefit costs, etc.	276,339,599	247,273,677
	<u>\$ 313,836,712</u>	<u>\$ 279,393,028</u>
Other Liabilities:		
Noncurrent accounts payable and other accruals	\$ 67,224,244	\$ 39,362,929
Liability for employee benefit plans—		
per contra in Other Assets	19,193,154	22,187,564
	<u>\$ 86,417,398</u>	<u>\$ 61,550,493</u>
Common Stock (\$5 par value):		
Balance January 1	\$ 449,444,830	\$ 446,728,235
Shares issued under General Electric		
Stock Option Plans	1,853,110	1,451,675
Shares issued under General Electric		
Savings and Security Program	1,137,545	1,264,920
Balance December 31	<u>\$ 452,435,485</u>	<u>\$ 449,444,830</u>
Issued shares Dec. 31 (105,000,000 authorized)	<u>90,487,097</u>	<u>89,888,966</u>
Amounts in Excess of Par Value		
received for stock:		
Balance January 1	\$ 179,834,853	\$ 151,813,595
Premium received on shares issued	29,427,040	25,765,816
Net increase from dispositions of treasury stock	3,334,599	2,255,442
Balance December 31	<u>\$ 212,596,492</u>	<u>\$ 179,834,853</u>

Notes to Financial Statements

Basis of consolidation—These financial statements and accompanying schedules represent a consolidation of the accounts of the Parent Company—General Electric—and those of all wholly owned or substantially wholly owned subsidiary companies dealing primarily in United States or Canadian currencies, except sales finance subsidiaries.

All significant intercompany items have been eliminated.

Canadian accounts were converted to U.S. dollars on a dollar-for-dollar basis. To revalue fixed assets in Canada to historical U.S. dollar cost, and other net assets to the year-end exchange rate, \$7,269,293 was carried in Miscellaneous Reserves at the close of 1963. Net assets in Canada at December 31, 1963, totaled \$125,002,371 after this revaluation.

Net sales billed for 1963 were reduced by \$17.8 million and for 1962 by \$50 million, representing provision for price adjustments to customers on sales of certain products which were subjects of antitrust cases, and costs were increased by \$8.1 million for other related adjustments, as described on page 24.

Expenses directly reimbursed by the Atomic Energy Commission for atomic projects at Richland, Wash., Schenectady, N. Y., and St. Petersburg, Fla., are not included in sales or costs.

Marketable securities were carried at the lower of amortized cost or market value. Carrying value was substantially the same as market value.

Inventories were carried at cost, exclusive of certain indirect manufacturing expenses and intercompany profits. Carrying value was not in excess of market. Cost of substantially all inventories in the United States was determined on a last-in, first-out (LIFO) basis. Inventories of Canadian components, with net value of \$75.3 million before exchange revaluation, were valued on a first-in, first-out (FIFO) basis.

Investments and advances—Carrying value of U. S. and Canadian sales finance subsidiaries represents the Company's equity in, and advances to, these subsidiaries, and all of their earnings are included in the consolidated statement of current earnings. Statements for General Electric Credit Cor-

poration at right form a part of these notes. Jelco Corporation had borrowings from banks of \$16,397,838 at the close of 1963.

Carrying value of foreign nonconsolidated subsidiaries represents cost of investments in, and advances to, these companies. Only dividends received from these subsidiaries are included in the Company's statement of current earnings. Combined statements for these companies as of September 30, 1963 and 1962 are on page 21.

Investment in General Electric common stock at the close of 1963 represented the cost of 372,983 shares being held for corporate purposes, such as requirements for the General Electric Savings and Security Program and Incentive Compensation Plan. On December 31, 1963 these shares had a quoted market value of \$32,496,144.

On December 31, 1963 the fair value of miscellaneous securities was approximately \$125 million.

General Electric Company 3½% debentures mature May 1, 1976, with interest payable on May 1 and November 1. The indenture provides for sinking fund payments of \$13 million annually through 1975. The Company, at its option, may make additional annual payments of up to \$13 million, and also may redeem all or part of the bonds at any time upon payment of redemption premiums ranging downward from 2.45%. The underlying indenture also includes certain limitations on pledge, mortgage, or disposition through sale and lease-back of manufacturing properties. Re-acquired debentures with face value of \$54,853,000 held in treasury in anticipation of future sinking fund requirements have been deducted from unretired debentures which totaled \$257,861,000 at the end of 1963.

Contingent liabilities—At the close of 1963, the Company was contingently liable to a number of financial institutions for \$263.8 million of installment receivables, including interest collectible in the future, which had been sold to such institutions on a full recourse basis, as described on page 26.

No specific provision has been made for possible future costs arising from antitrust matters (see page 24).

General Electric Credit Corporation Consolidated Financial Statements

Financial Position

	DECEMBER 31	
	1963	1962
Cash	\$ 28,197,289	\$ 34,926,460
Receivables, less reserve and deferred income (a) . .	772,509,184	662,363,476
Prepaid interest and discount	2,832,948	2,455,938
Other assets	4,150,686	2,610,441
Total assets	<u>807,690,107</u>	<u>702,356,315</u>
Notes payable to:		
General Electric Company	15,000,000	20,000,000
Others	563,201,347	484,026,300
Others—subordinated	65,000,000	50,000,000
Accounts and drafts payable	32,408,151	27,662,417
Deferred payments to dealers	35,207,247	33,308,059
Accrued Federal taxes on income	5,812,146	6,077,087
Other accrued liabilities	4,593,200	3,523,652
Total liabilities	<u>721,222,091</u>	<u>624,597,515</u>
Assets less liabilities—equity	<u>\$ 86,468,016</u>	<u>\$ 77,758,800</u>
Equity represented by:		
Par value of common stock	\$ 20,000,000	\$ 20,000,000
Reinvested earnings	66,468,016	57,758,800
Equity—held by General Electric Company	<u>\$ 86,468,016</u>	<u>\$ 77,758,800</u>
(a) Reserve for receivable losses	\$ 14,350,000	\$ 12,300,000
Deferred income	98,580,066	82,446,703

Current and Reinvested Earnings

	1963	1962	1961
Volume of time sales and inventory financing	\$975,989,206	\$914,544,426	\$820,615,545
Gross earned income	<u>\$ 79,548,207</u>	<u>\$ 71,334,832</u>	<u>\$ 65,177,962</u>
Expenses—Operating and administrative	39,128,626	34,517,369	30,455,192
—Interest and discount	22,205,365	18,855,579	14,912,810
—Federal income taxes	9,505,000	9,295,000	10,270,000
Net earnings for the year	<u>8,709,216</u>	<u>8,666,884</u>	<u>9,539,960</u>
Deduct: Transfer to common stock for par value increase	—	—8,900,000	—
January 1 reinvested earnings	57,758,800	57,991,916	48,451,956
December 31 reinvested earnings	<u>\$ 66,468,016</u>	<u>\$ 57,758,800</u>	<u>\$ 57,991,916</u>

Independent Auditors' Report

to the share owners and board of directors of General Electric Company.

We have examined the consolidated statement of financial position of General Electric Company and subsidiaries as of December 31, 1963 and the related statement of current and reinvested earnings for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated statements, subject to the antitrust litigation referred to at left and on page 24, present fairly the financial position of General Electric Company and subsidiaries at December 31, 1963 and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Peat, Marwick, Mitchell & Co.

10 years of added values



Today's Hotpoint washer cleans 14 pounds of laundry. The 1954 unit: 8 pounds



Present mercury-vapor lamp delivers 5 times more light per dollar over its lifetime



From General Electric's J79 engine, more than twice the thrust of '54 engines

During the past decade General Electric's sales growth has been based on the creation of new values for customers. Examples of such values include:

Larger wash loads: Selective loads of up to 14 pounds can be handled by Hotpoint's new automatic clotheswasher. The price per pound of washing capacity has dropped more than 50% since 1954.

Greater light output: In ten years General Electric's mercury-vapor lamps have been improved not only to last longer, but also to be 18% more efficient. Yet they cost 20% less, bringing substantial economies in lighting streets, shopping centers, and recreation areas.

More jet power: Today, General Electric J79 jet engines deliver more than twice the thrust of 1954 jets. This gives today's defense aircraft 13 times greater thrust per engine than the first U.S. jet developed by the Company in 1942. The more advanced YJ93 can deliver 30,000 pounds of thrust.

10 year summary

Per-share amounts in dollars;

Other dollar amounts in millions 1963

Net sales billed \$4,918.7

Orders price index (1957-59 = 100) 87

Net earnings \$270.6

Earnings per share 3.00

Earnings as a percentage of sales . 5.5%

Earned on capital invested (a) . . 13.6%

Cash dividends declared \$183.1

Dividends declared per share . . 2.05

No. of shares issued—Dec. 31 . . 90,487,097

Average number of share owners . 503,516

Market price range per share (b) . 87¹/₂–71³/₄

Current assets \$1,874.3

Current liabilities 826.5

Total assets 3,015.1

Long-term debt and notes payable 204.1

Share owners' investment . . . 1,845.6

Total capital invested (c) 2,049.7

Plant expenditures 111.9

Depreciation and amortization . . 127.7

Total taxes and renegotiation (d) . 320.8

Total employee compensation (e) . 2,121.6

Average number of employees . . 262,882

Average compensation per employee, in dollars (e) \$8,071

1962	1961	1960	1959	1958	1957	1956	1955	1954
\$4,792.7	\$4,456.8	\$4,197.5	\$4,349.5	\$4,120.8	\$4,335.7	\$4,090.0	\$3,463.7	\$3,334.7
90	92	97	101	100	99	93	86	89
\$265.8	\$242.1	\$200.1	\$280.2	\$242.9	\$247.9	\$213.8	\$208.9	\$204.4
2.97	2.72	2.26	3.19	2.78	2.84	2.46	2.41	2.36
5.5%	5.4%	4.8%	6.4%	5.9%	5.7%	5.2%	6.0%	6.1%
14.1%	13.7%	11.9%	16.7%	15.7%	16.9%	15.3%	17.8%	19.2%
\$177.5	\$176.4	\$175.5	\$174.3	\$173.7	\$173.2	\$172.4	\$145.9	\$131.4
2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.70	1.53
89,888,966	89,345,647	88,860,183	88,282,899	87,681,422	87,396,796	87,143,662	86,875,994	86,660,618
446,919	440,938	416,950	404,431	395,493	377,555	362,122	338,563	277,047
78 ¹ / ₂ -54 ¹ / ₄	80 ³ / ₄ -60 ¹ / ₂	99 ⁷ / ₈ -70 ¹ / ₄	99 ⁷ / ₈ -74	79 ³ / ₈ -57	72 ³ / ₈ -52 ³ / ₈	65 ¹ / ₂ -52 ³ / ₄	57 ³ / ₄ -46 ¹ / ₄	48 ¹ / ₂ -29
\$1,556.5	\$1,452.5	\$1,478.5	\$1,567.3	\$1,407.9	\$1,353.0	\$1,268.7	\$1,056.1	\$1,056.5
785.7	782.0	705.6	739.3	700.4	733.4	676.4	708.9	686.7
2,847.0	2,704.5	2,551.3	2,561.5	2,420.9	2,361.3	2,221.1	1,903.1	1,815.3
223.4	229.6	250.5	278.0	306.3	303.1	308.5	92.0	51.9
1,722.3	1,603.2	1,513.4	1,457.7	1,311.0	1,231.2	1,143.4	1,089.8	1,020.0
1,945.7	1,832.8	1,763.9	1,735.7	1,617.3	1,534.3	1,451.9	1,181.8	1,071.9
125.4	145.2	136.9	91.3	104.1	153.6	205.2	161.4	170.6
127.1	117.9	116.0	119.9	124.5	119.9	108.7	97.4	86.4
289.7	283.5	229.1	313.1	282.1	300.3	247.2	206.5	230.4
2,040.8	1,903.6	1,848.2	1,783.7	1,640.2	1,715.3	1,643.8	1,372.4	1,250.9
258,174	249,100	250,621	246,840	249,718	282,029	280,497	250,306	243,622
\$7,905	\$7,642	\$7,374	\$7,226	\$6,568	\$6,083	\$5,860	\$5,483	\$5,135

(a) Net earnings for the year—before interest on money borrowed—as a percentage of total capital invested at the close of each year.

(b) Represents high and low market price on New York Stock Exchange for each year.

(c) Represents total share owners' investment (ownership) plus long-term debt and notes payable as of December 31 each year.

(d) Excludes certain excise and sales taxes, which are not included in sales or costs, and

social security taxes, which are listed under employment costs.

(e) Includes Company cost of vacations, holidays, pensions, insurance, social security taxes, and all other employee benefits.

Building new markets at home and abroad



U. S. consumers are being offered new products for entertaining: electric warming trays, griddles, 30-cup coffee maker and an electric slicing knife. The children enjoy the highly successful new 12-pound, truly portable TV.

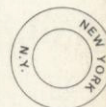
In Europe: Dutch family is attracted by dealer's display of General Electric products to help worldwide customers live better electrically.



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New York, New York 10022

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